

City of Maple Valley

Washington



Comprehensive Annual Financial Report

For Fiscal Year Ended

December 31, 2015



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**City of Maple Valley
Washington**

**Comprehensive Annual Financial Report
For Fiscal Year Ended
December 31, 2015**

Prepared by the:
Finance Department

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Accountant



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June 22, 2016

Honorable Mayor, City Councilors, and Citizens of the City of Maple Valley

Transmitted herewith is the City of Maple Valley's Comprehensive Annual Financial Report (CAFR) for fiscal year ended December 31, 2015. The CAFR provides financial disclosure of all activities considered part of the City. The City has also complied with the submittal requirements of Washington State Law RCW 43.09.230 requiring annual reports for Washington municipal governments to be certified and filed with the State Auditor's Office within one hundred fifty days after the close of each fiscal year.

Responsibility for the accuracy of the data, the completeness and reliability of all information presented in this report, rests with management. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

Cities and counties of the State of Washington use the Budgeting, Accounting and Reporting System (BARS) developed and prescribed by the State Auditor's Office. The City's financial statements have been audited by the Washington State Auditor's office. The goal of an independent audit is to provide reasonable assurance that City financial statements for the fiscal year ended December 31, 2015 are free of material misstatements. The State Auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Maple Valley's statements are fairly presented in conformity with GAAP. The State Auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

COMMUNITY PROFILE

In 1863, the Homestead Act brought the first settlers to Maple Valley. The area flourished because of the abundance of natural resources. Mining and logging spurred growth, and in 1887 Maple Valley was platted and registered by C.O. Russell. Not until 1997, however, did the community incorporate its business and residential areas into the State of Washington's 272nd city.

The City is located along a portion of the Cedar River that the Duwamish Indians previously used as a trading route. State Route 169 connects the two major commercial areas of Maple Valley and allows for direct access to Black Diamond and Enumclaw to the southeast and Renton to the

northwest. State Route 18 borders the northern edge of the City and provides easy access to Covington, Auburn, and Federal Way to the southwest, and Issaquah and North Bend to the northeast.

Along with the country charm of an agrarian past, Maple Valley offers almost unlimited activities. Boating, fishing, swimming, hiking, and golfing are available within the city limits, and the City is in close proximity to camping, skiing, and other recreational opportunities. Maple Valley businesses provide most of the daily shopping needs for the residential community and nearby rural areas. The City's 2015 official population as of April 1st as provided by the Washington State Office of Financial Management (OFM) was 24,700 up 470 persons or 1.9% from 2014.

The City operates under the Revised Code of Washington (RCW) applicable to an Optional Municipal Code City (RCW 35A). It has a Council-Manager form of government. The non-partisan City Council is composed of seven members elected at large to four-year staggered terms. The Council elects the Mayor and Deputy Mayor from among its members. The Council serves as the policy-making branch of government. The Council appoints the City Manager, who serves as the chief executive officer of the City and coordinates its daily activities.

The City prepares annual budgets in accordance with the Revised Code of Washington (RCW) 35A.33. Annual budgets must be adopted by the City Council prior to the first of each year. Department heads may make transfers of appropriations within their department. The City Manager may make transfers of appropriations between departments within any one fund. Increases to appropriations at the Fund level require the City Council approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated budget has been adopted.

The City of Maple Valley is a general-purpose government. It directly provides certain services and contracts with public and private entities for other services. Directly provided services include: general administration; land use planning and development permitting; parks and recreation services; and public works development, maintenance, and surface water management services. The park and recreation services include the operation of Lake Wilderness Park and Lodge acquired on January 1, 2003 from King County through a no-cost deed transfer. The park is a 111-acre facility that borders Lake Wilderness in the geographic center of the City. On November 30, 2006 the City acquired the Lake Wilderness Golf Course a 100 acre parcel bordering the park. The acquisition was made from available cash reserves to prevent the threatened residential development of the course property.

The City contracts with King County for police services. In addition, the City provides an administrative assistant for the Police storefront to assist with customer service. Primary jail services are provided via contract with the City of Kent, with back-up jail services provided via contracts with the City of Issaquah, and with King and Okanogan counties. Municipal court services are provided by contract with the City of Kent, with the City contracting separately for its own judge.

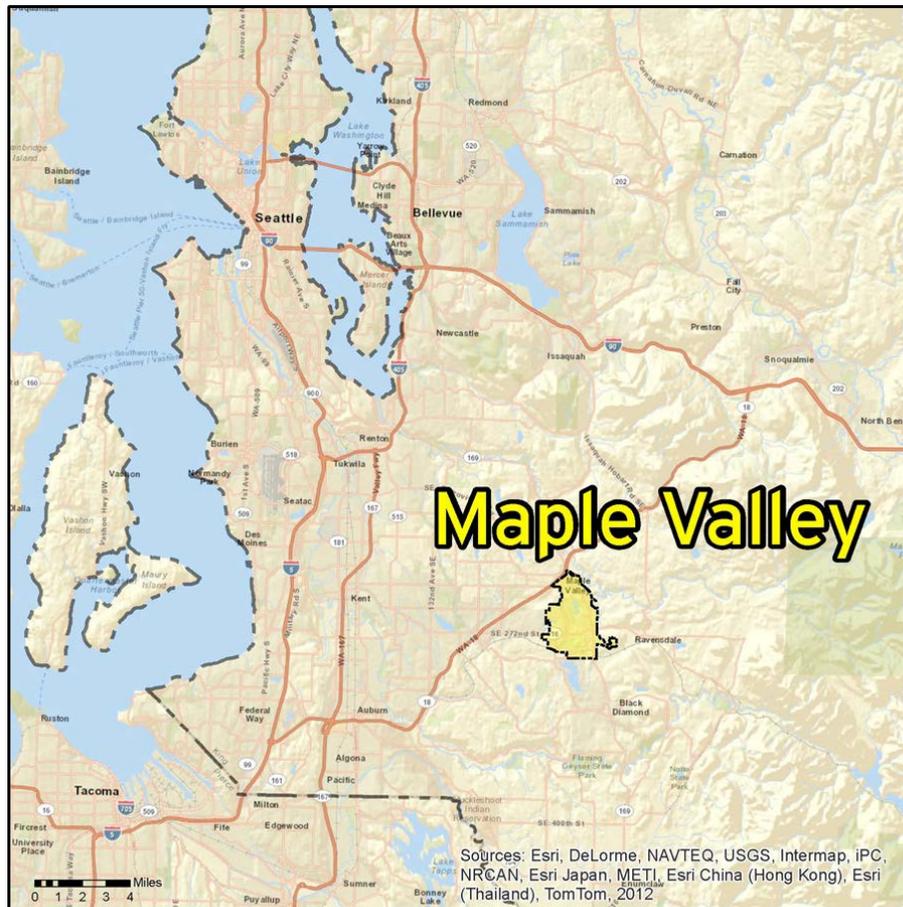
Other separate government entities provide services in Maple Valley. Maple Valley Fire and Life Safety (King County Fire District 43) provides fire protection, emergency medical, and fire inspection services. The King County Library System provides library services. The Tahoma School District provides K-12 educational services. Three special districts provide water and sanitary sewer services to City residents and businesses. Per franchise agreement, a private hauler provides solid waste collection services.

The City Council on November 26, 2012 adopted legislation creating the Maple Valley Transportation Benefit District. The purpose of the District is to fund the maintenance, improvement and preservation of existing transportation infrastructure within the City. Revenue will be generated through a \$20 excise tax for every registered vehicle within the City. Collection of taxes by the

Washington State Department of Licensing began in July 2013. On December 7, 2015, the City Council adopted Ordinance O-15-584 which transferred all duties, rights and responsibilities of the District to the City and abolished the District.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Maple Valley operates. To understand that environment, a map of the City's location is shown below.



The City of Maple Valley is at the center of the "X" formed by the intersection of State Routes 18 and 169. Residents have a 26-mile commute to either downtown Seattle to the northwest or to downtown Tacoma to the southwest. The City's circumstances -- surrounded by a rural environment but offering convenient State highway access to both Seattle and Tacoma via State highways -- makes the City an excellent location for moderate and higher-end residential development.

Annexation

On December 1, 2013 the City completed the annexation of Summit Place, also known as the Donut Hole, near the center of town. Summit Place consists of approximately 154 acres of land entirely owned by King County, which currently leases a portion of the land for a private golf course. The County also has a street operations and maintenance facility on the site. The Tahoma School District in 2014 purchased the necessary land from King County in the annexation area, as well as land from the City in an adjoining property, in order to construct a new High School including

athletic facilities and parking. Construction of the new High School began in 2015 and opening of the school is scheduled for the fall of 2017.

Local Economy Moves from Residential to Commercial Development

The City of Maple Valley's local economy is based on its locational advantage and its designation as an "urban growth area" under the State of Washington's Growth Management Act (GMA). The GMA adopted in the early 1990's, restricted development to the area that is now the City of Maple Valley. As the citizenry sought control over the development that was occurring in their area, the City incorporated on August 31, 1997. At the time of incorporation over 1,000 single-family residential lots had been approved by King County and were vested for development. In the last ten years an additional 1,326 single-family residential lots have been approved for development.

Though this single family residential development has been good for the City, it is not reliable or sustainable in the long run. This reality has driven the need for the City to adopt a new economic development focus, the creation of local job centers to increase the daytime population to encourage the development of services for the residents. The City currently has within its corporate boundaries ~120 acres of undeveloped commercially zoned property. The logic behind the strategy is to encourage employees to make purchase decisions within Maple Valley instead of spending their discretionary dollars at establishments located to or from their place of employment. The available wealth generated and present locally will serve as a catalyst for more commercial retail development with the City.

To this end in early 2011 the City Council passed a resolution to reconstitute the membership of its Economic Development Committee. This committee, made up local and regional business men and women, worked to understand Maple Valley's economy and community. After analyzing the current demographic and psychographic profiles of the City and the results of a Strengths, Weaknesses, Opportunities, and Threats analysis; the Committee developed four recommendations and presented them to the City Council in February 2012. These recommendations included pre-zoning the available properties in the City envisioned to support commercial development and focusing on the development of employment centers within the City. These efforts will allow for more effective marketing of properties to potential investors and lead to increasing the City's daytime population, which in turn would lead to increased sales tax revenue.

The recent recession increased the importance of the work of the Economic Development Committee. The recession highlighted the volatility of the State of Washington tax structure to fund public services. Maple Valley, as well as many other Washington cities, have benefited from the amount of revenue collected via consumption taxes (sales tax and real estate excise tax). However, with unemployment rates more than double of those from before the recession started, the City faced the reality that the current system is not sustainable. Creating jobs, having citizens with paychecks, is now the focus of State government and is the direction adopted by the City Council. Therefore, the new strategy is to utilize vacant commercial property for employment centers to create jobs locally. This effort is envisioned to lead to a second round of retail development driven by an increased daytime population.

Finally, unutilized commercial property does not work for the citizens of the City. First, through community surveys, the citizens are asking for commercial services that require increased daytime population to locate and survive in the local market. Second, other taxing districts rely heavily on the assessed property valuation pool to fund their services. One of the results of this recession is the reduction in the assessed valuation of property within Maple Valley. The Maple Valley Fire and Life Safety District recently reached its capped property tax rate due to the reduction in assessed value. This reality resulted in the Fire District laying off seven fire fighters in 2009—a lower level of public service. The Tahoma School District is faced with significant capital improvements needed

for its facilities. To fund these improvements, the School District received voter approval in 2013 for a new High School as well as improvements at various schools throughout the District.

The economic development focus of the City is now on creating local jobs, leading to more spending at local businesses. In turn, the assessed property tax increases through increased commercial property additions. The secondary benefit is that the City would benefit short-term with sales tax revenue from new construction and possible increased real estate excise tax revenue from property sales to support such development. This focus on jobs creation was the impetus for changes in the City's comprehensive plan including the creation of a Regional Employment Center in the north end of town near the intersection of state highways 18 and 169. The City Council adopted the changes to the City's comprehensive plan in the fall of 2015.

Six-year Financial Forecast

The City uses the projection of its development activity as a major component of its six-year financial forecast. The reason for this is that the issuance of a building permit puts into motion the following cycle:

- At the time of the permit, building permit revenue and transportation and park impact fees are generated;
- Within six months, the construction activity generates sales tax revenue;
- When construction is complete, the increase in assessed valuation leads to an increase in property tax revenue;
- When the property is sold, real estate excise taxes are generated (real estate excise taxes also apply to the sale of existing properties);
- As new businesses and residents connect to utility and cable television services, utility tax revenue and cable TV franchise fees are generated;
- As the new residents move in, the City's population is increased upon which the distribution of State-shared revenue is based; and
- As the new residents begin shopping locally, additional sales tax revenue is generated, eventually leading to the construction of new commercial facilities.

The six-year revenue forecast assumes that 50 single-family residential (sfr) permits will be issued in 2016, and 35 for 2017 through 2021. With the permitting of 1,326 single family residential homes in the last ten years, an average of 133 per year, the City has seen its population increase 8,420 from 16,280 in 2004 to 24,700 in 2015. On the commercial side, based on 2015 and current permitting, the City is expecting the completion of approximately 58,989 square feet of commercial space in 2016.

The budgeted level of development produces a revenue forecast that in conjunction with an operating expenditure forecast produces a fund balance at the end of the six-year forecast period that exceeds the policy requirement of 16.7% of operating expenditures through 2021. The operating expenditure forecast includes inflation, the maintenance and operational cost of the six-year capital improvement program, and an annual amount of potential program expansion inflated over the six-year forecast period. Dedicated capital revenue plus a General Fund allocation funds the six-year capital improvement program.

The six-year forecast begins with the prior year ending fund balance amount that equals the restricted and unrestricted net position at December 31, 2015, as summarized below. Amounts below are in thousands of dollars.

	<u>2014</u>	<u>2015</u>
Ending Fund Balance		
Governmental Funds	\$ 14,633	\$ 15,856
Ending Working Capital		
Enterprise Funds	2,712	2,881
Internal Service Funds	678	497
	<u>\$ 18,023</u>	<u>\$ 19,234</u>

The combined ending fund balance and working capital is equal to the budgeted beginning fund balance in the 2016 Final Budget. The entire 2016 Final Budget's six-year forecast is summarized below. The resources portion of the forecast includes anticipated capital grants and planned non-voted general obligation bond issues. The expenditure portion of the forecast shows that over the six-year forecast period, the City plans to spend 65% of its expenditures for operating purposes, 30% for capital purposes, and 5% for debt purposes. Amounts below are in thousands of dollars.

City Wide Forecast - All Funds
(Amounts in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
Total All Funds								
Beginning Fund Balance	\$ 16,590	\$ 18,023	\$ 17,572	\$ 14,403	\$ 13,459	\$ 12,380	\$ 12,812	\$ 14,195
Change in Accounting Principle	-	(292)	-	-	-	-	-	-
Revenue	17,949	20,119	16,681	20,911	20,972	19,066	18,223	21,675
Bond & Loan Proceeds	1,530	3,023	2,500	13,100	1,550	4,850	-	-
Operating Expenditures 65%	(14,313)	(14,232)	(14,307)	(14,599)	(14,892)	(15,194)	(15,535)	(15,880)
Capital Expenditures 30%	(2,832)	(3,476)	(7,440)	(19,723)	(8,106)	(7,700)	(730)	(1,025)
Debt Expenditures 5%	(902)	(3,930)	(889)	(890)	(891)	(890)	(899)	(367)
Total Expenditures	(18,047)	(21,638)	(22,636)	(35,212)	(23,888)	(23,784)	(17,154)	(17,273)
Ending Fund Balance	<u>\$ 18,022</u>	<u>\$ 19,234</u>	<u>\$ 14,117</u>	<u>\$ 13,202</u>	<u>\$ 12,093</u>	<u>\$ 12,511</u>	<u>\$ 13,880</u>	<u>\$ 18,598</u>

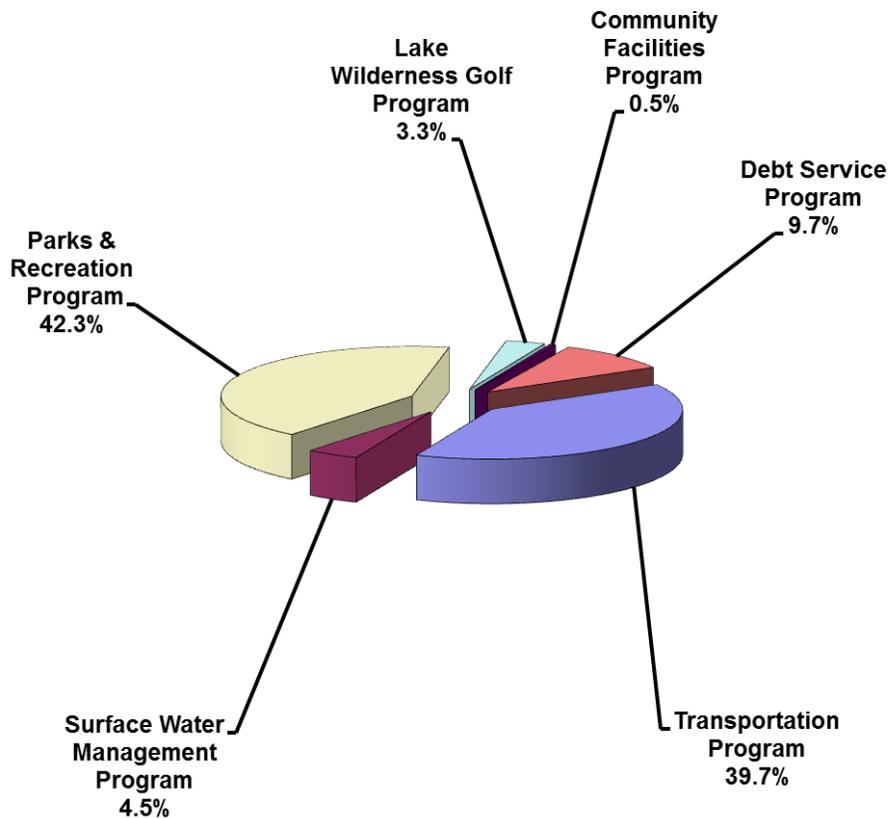
The forecast also notes that forecasted beginning fund balances in year 2017 through 2021 are greater than prior year ending fund balances due to the forecasted over-collection of revenue and under-expenditure of budget. The City has an average ten year over-collection of revenue rate of 6% and an under-expenditure of budget rate of 9.3%, but assumes in the forecast an over-collection rate of 2.5% and an under-expenditure rate of 2%. The overall purpose of the forecast is to not over commit the operating expenditure budget within a conservative revenue forecast based on the real inventory of developable land.

Capital Improvement Program

Included in the forecast above is the City's six-year capital improvement program, including debt service that totals \$49,540,877. The plan is updated annually as part of the budget process. The following chart shows the capital improvement plan expenditures by program for the six-year period 2016-2021.

City of Maple Valley Capital Improvement Plan Expenditure Summary

2016 - 2021
\$49,540,877

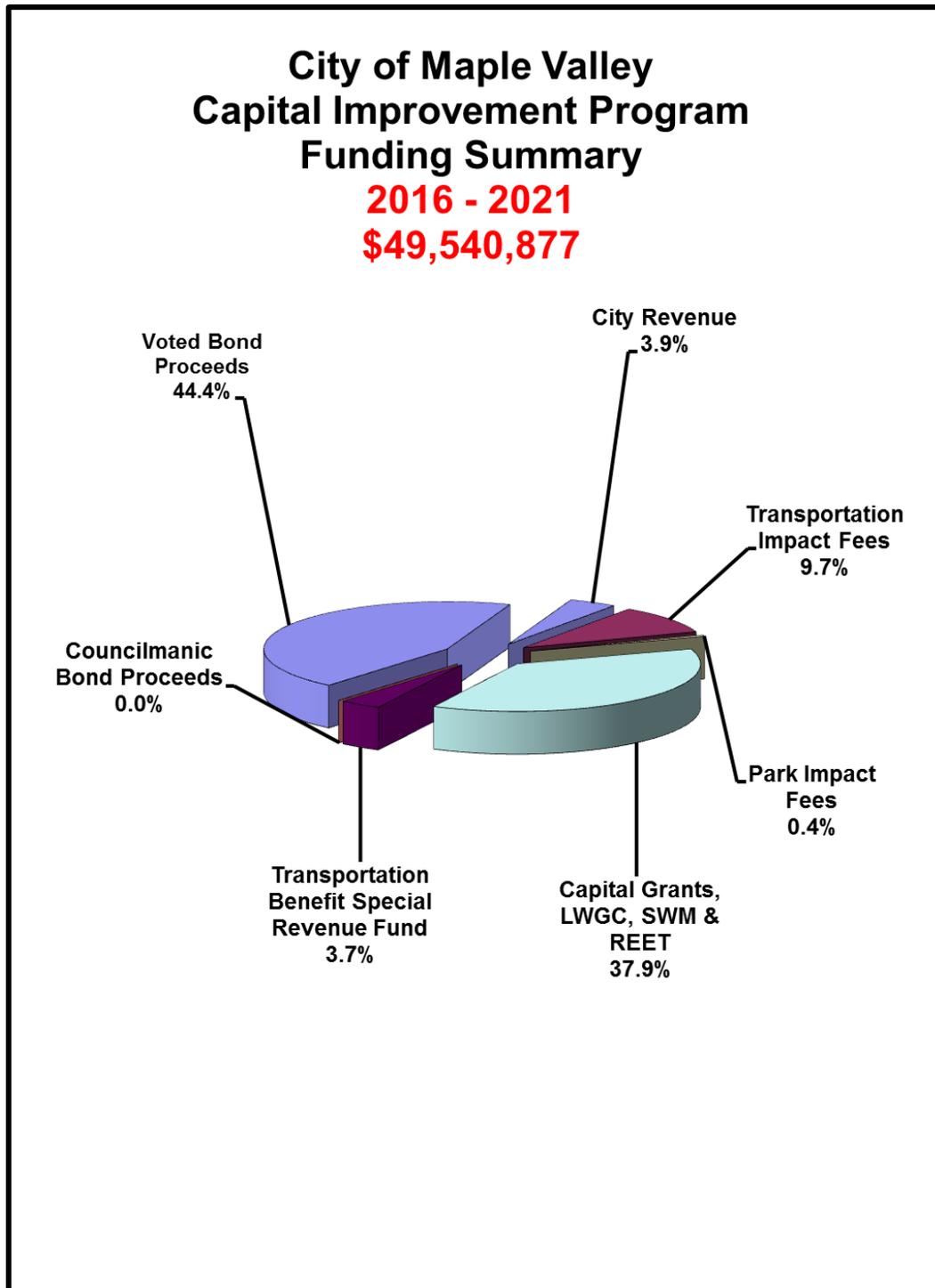


As noted in the chart, 39.7% of the funds are allocated to the transportation program. This allocation is made because transportation has been a top City priority from incorporation. To ensure the best quality transportation network, the City has, as part of the City's Comprehensive Plan, a 20-year transportation program. Each year, projects from the earliest six years of the 20-year transportation program are incorporated into the City's six-year capital improvement plan and adopted as part of the annual budget process. The six-year transportation program is used to establish transportation impact fees that are designed to fund 50% of the transportation program costs net of anticipated grants. The City uses other City funds, primarily its Real Estate Excise Tax Fund, to match the transportation impact fee funding.

In addition to planned expenditures for transportation, the City six-year plan includes: developing ball fields, making improvements to the park system, developing plans for the 54 acre Maple Valley

Legacy Place site, and enhancing the interim youth center site with planning for a new youth, community, and senior center.

The six-year capital improvement program is funded with a combination of sources as identified below.



CITY PRIORITIES

In its 2015 retreats, the City Council has confirmed its Goals and Objectives. They are stated below as they appeared in the 2016 Budget.

Economic Development

- Support the update of the City's zoning code and design regulations to reflect the City's vision as articulated in the updated Comprehensive Plan.
- Continue to work with the Tahoma School District to achieve its goal of opening the new high school/regional education center by August 2017 and to build a new Lake Wilderness Elementary School by 2018.
- Continue to work with the Tahoma School District to package the services of the new regional education center as an anchor to attract private commercial investment to locate living-wage jobs on the property adjacent to the new center.
- Hire an economic development coordinator for the City.
- Hold an economic development retreat with the City Council in the 1st quarter of 2016.

Park & Recreation

- Facilitate process, with the Parks & Recreation Commission, to develop recreation facilities with appropriate partners to meet recreation demands from Maple Valley families through a voted bond initiative.
- Support the efforts of the same groups to craft a plan of action that will direct the projects funded by the passed voted-bond issue.
- Continue to support the community events that use the Lake Wilderness Park facilities throughout the year.

Public Safety

- Continue to work with the King County Sheriff's Office in providing good police services to City citizens through the existing contract.
- Participate in localized emergency preparedness drills utilizing the City's newly updated Emergency Preparedness Plan and the new Emergency Operations Center.
- Work with the City Police Department and our new Domestic Violence Advocate to increase community awareness of the issues pertaining to domestic violence.
- Work with public/private partnership on establishing a men's transitional housing unit within SE King County to aid our growing population of homeless men, many of whom suffer from mental health and drug addiction issues.
- Increase patrols of our trails system in and around the city.

Public Works

- Continue to support the Public Works Department staff in its efforts with the 216th SE Avenue improvement project and the planning phase of the Witte Rd. Phase 5 project.
- Continue to support City staff's efforts to use programs that will keep Maple Valley NPDES compliant (goat mowing, pond improvements, community education).
- Continue to support the Public Works staff in efforts to improve water quality of storm runoff.
- Continue involvement in regional groups dealing with transportation issues.

Quality City Services

- Continue to support efforts of Black Diamond, Covington, and Maple Valley in identifying opportunities where the three communities can work together/share resources to maximize efficiencies and better use public funds.
- Continue strong participation in the Sound Cities Association and associated committees.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Maple Valley for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. This was the sixteenth consecutive year that the City of Maple Valley received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The City believes its current CAFR continues to meet the Certificate of Achievement's program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this Comprehensive Annual Financial Report would not have been possible without the dedicated services of a number of City departments. The Community Development Department helped with information about the local economy, and the Public Works department and Information Services staff provided mapping information and helped value the City's infrastructure. Credit must also be given to the City Council for its unfailing support for maintaining high standards of financial accountability. We must also thank the efforts of a great Finance Department staff that allowed the production of all the information included in this report.

Sincerely yours,

A handwritten signature in black ink that reads "Shawn Hunstock". The signature is written in a cursive, flowing style.

Shawn Hunstock
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Maple Valley
Washington**

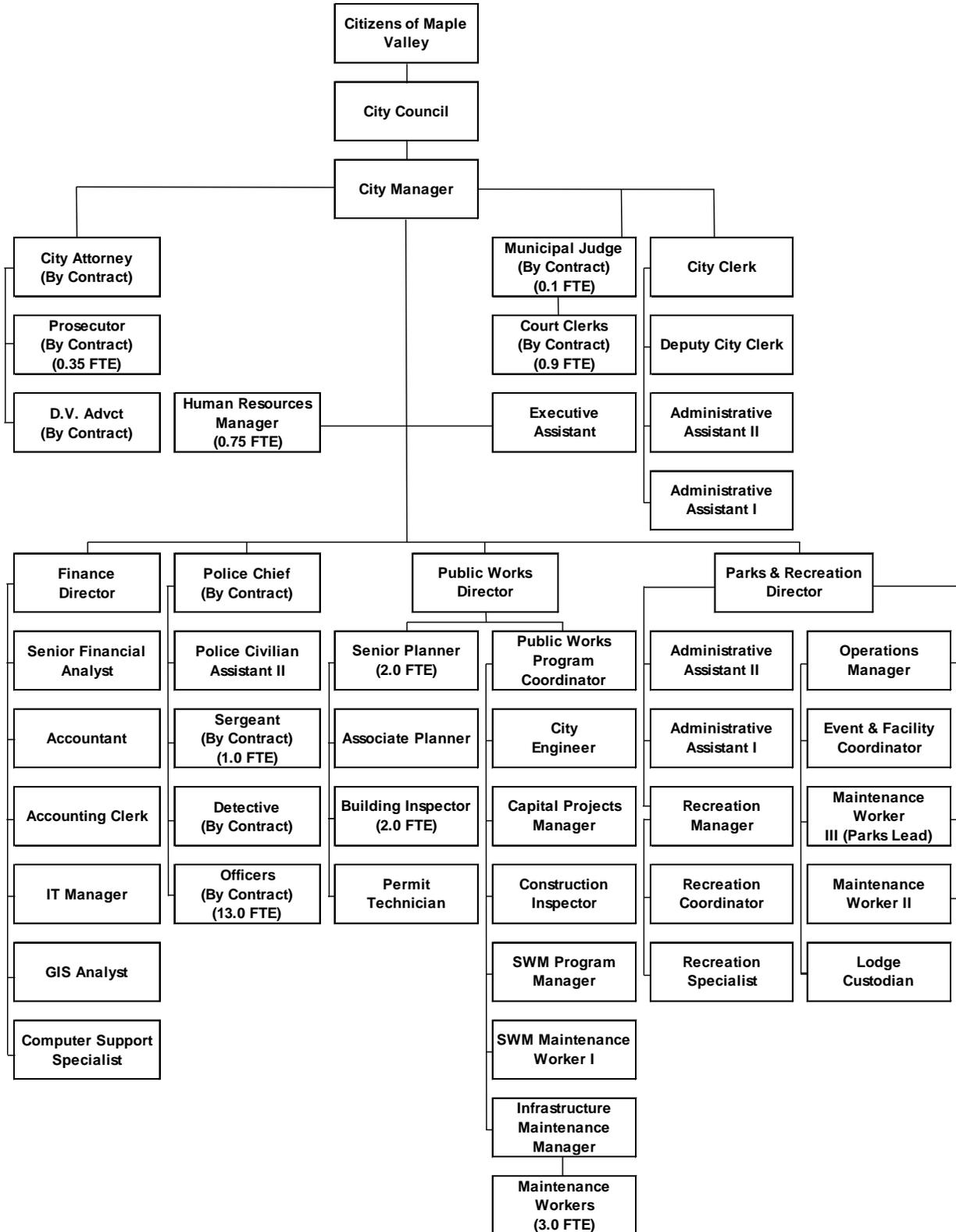
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

**City of Maple Valley
2015 Comprehensive Annual Financial Report
Organization Chart (Current)**

42.75 Direct City FTEs, 19.35 Contracted FTEs, 61.10 FTEs





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**City of Maple Valley
2015 Comprehensive Annual Financial Report
Principal Officials**

CITY COUNCIL

	Position Number	Term Expires
Bill Allison, Mayor	2	12/2017
Sean P. Kelly, Deputy Mayor*	1	12/2019
Layne Barnes	3	12/2015
Les Burberry**	3	12/2019
Erin Weaver	4	12/2017
Noel T. Gerken	5	12/2015
Megan Sheridan**	5	12/2019
Dana Parnello***	6	12/2017
Linda Johnson	7	12/2019

CITY MANAGER

David W. Johnston

CITY ATTORNEY

Lighthouse Law Group PLLC, By Contract

FINANCE DIRECTOR

Shawn Hunstock

PARKS DIRECTOR

Greg Brown

POLICE CHIEF

Donald (D.J.) Nesel, King County Sheriff's Office

PUBLIC WORKS & COMMUNITY DEVELOPMENT DIRECTOR

Laura Philpot

*Elected by Council to serve as Mayor, effective January 1, 2016.

**New council members for positions 3 and 5 were sworn into office in December 2015. The effective date for both positions was January 1, 2016.

***Elected by Council to serve as Deputy Mayor, effective January 1, 2016.



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FINANCIAL SECTION



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Independent Auditor's Report



Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 22, 2016

Council
City of Maple Valley
Maple Valley, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Maple Valley, King County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Maple Valley, King County, Washington, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Transportation Development, Park Development and Real Estate Excise Tax funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2015, the City has implemented the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 27 through 50 and pension plan information on pages 110 through 111 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 116 through 134 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 22, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

Management's Discussion and Analysis

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2015**

As the management of the City of Maple Valley, we offer readers of this report this narrative overview and analysis of the financial activities of the City of Maple Valley for fiscal year ended December 31, 2015. In addition to the information provided here, we encourage readers to consider the additional information furnished in the letter of transmittal and the notes to the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City of Maple Valley exceeded its liabilities and deferred inflows of resources at December 31, 2015 by \$392,519,106 (*net position*). Of this amount, \$5,736,347 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors. Of the rest, \$11,227,947 is restricted for specific operating and capital purposes and \$375,554,812 is net investment in capital assets.
- During 2015 the City's total net position decreased \$5,290,398. This amount includes a decrease of \$4,374,248 in the net investment in capital assets, an increase of \$228,501 in restricted net position and a decrease of \$ 1,144,652 in unrestricted net position.
- At December 31, 2015 the City of Maple Valley's governmental funds reported a combined ending fund balance of \$15,856,361 up \$1,223,615 from the prior year amount of \$14,632,746. While the City budgeted a \$4,004,844 decrease in governmental fund ending fund balance from \$14,632,746 to \$10,627,902, the governmental fund ending fund balance was \$5,228,459 better than budgeted. Governmental fund revenues were above budget by \$707,074.
- At the end of 2015 the assigned and unassigned fund balance for the General Fund was \$4,523,071, 41% of total General Fund expenditures. This amount is up \$978,302 from 2014 ending assigned and unassigned fund balance of \$3,544,769. The main reason for the increase was additional revenue associated with an increase in sales tax and utility tax revenue.
- The City of Maple Valley's total liabilities increased \$1,879,661 from \$7,763,731 in 2014 to \$9,643,392 in 2015. The increase was primarily due to the inclusion of the net pension liability in the amount of \$2,392,784 in accordance with the change in accounting principle for GASB Statement No. 68. This increase was offset by current year debt service payments and a decrease in vendor payables with fewer year-end construction projects in progress. The 2015 liabilities include \$3,805,535 in general obligation bonded debt, a reduction of \$544,465 from the 2014 amount of \$4,350,000. On April 10, 2015, Standard and Poor's Rating Services affirmed the AA+ underlying rating on these bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Maple Valley's financial statements. The City of Maple Valley's financial statements include the government-wide financial statements, the fund financial statements, and the notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Maple Valley's finances, in a format similar to that provided for private-sector businesses. The statements segregate activity into two categories: governmental activities and business-type activities. The governmental activities of the City of Maple Valley include: general government; community development; human services; parks and recreation; except the Lake Wilderness Golf Course, public safety; and public works, except the surface water management function. The governmental activities also include internal service funds as discussed below. The business-type activities include the surface water management function and the Lake Wilderness Golf Course.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2015**

The *statement of net position* presents information on the City of Maple Valley's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Maple Valley is improving or deteriorating. The *statement of activities* presents information showing how the City's net position changed during the year. The *statement of activities* identifies the City's activities and the program revenues that helped fund them. The Statistical Section provides summary information on net position and changes in net position from 2006 through 2015.

Fund financial statements. The fund financial statements provide summary information by fund type. The City of Maple Valley, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A *fund* is a grouping of related accounts that are segregated to maintain control over resources that have been designated to finance specific activities. All of the funds of the City of Maple Valley can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for the governmental activities shown on the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of resources*, as well as on the *balances of resources* available. Governmental funds are concerned with having available resources (i.e. "working capital" - current assets less current liabilities) to meet the expenditure needs as identified in the budget. As part of the governmental funds presentation, a comparison of actual expenditures to both the original and final budget is shown for the General Fund and all Special Revenue Funds.

Proprietary funds. *Proprietary funds* are used to account for operations that are designed to generate revenues to cover the total cost of operation including depreciation. The City of Maple Valley has both types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to account for the activity of the City's surface water management function and Lake Wilderness Golf Course. The internal service funds are used to account for the operation of the City's vehicle rental, central services, and unemployment trust functions. These internal service functions accumulate costs and charge them to operating departments. They also charge replacement and reserve fees to insure future availability of funds to replace equipment or to fund unemployment claims. As mentioned above, internal service funds in the City of Maple Valley are categorized as governmental activities.

A complete reconciliation of the fund financial statements to the government-wide financial statements is included in the government-wide financial statements. The reconciliation is required:

- To reclassify capital expenditures to assets and to record depreciation of governmental capital assets,
- To reclassify debt issuances and repayments from sources and uses of funds to increases or decreases in liabilities, and
- To record the assets, liabilities, and net revenues of internal service funds. By including only net revenues, the double counting of transactions between the internal service funds and the funds they provide services to is eliminated.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2015**

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information. Generally accepted accounting principles (GAAP) require that certain unaudited information accompany the basic financial statements. The technical term for this additional information is *required supplementary information (RSI)*. In general, there are five types of RSI for state and local governments:

Management's Discussion and Analysis (MD&A),
Budgetary Comparisons,
Trend Data for Pension Funding,
Claims Development Data for Public Entity Risk Pools, and
Trend Data for Infrastructure Condition.

Because the *MD&A* is designed, in part, to introduce the basic financial statements, it is presented before the basic financial statements. The *budgetary comparisons* for the general and special revenue funds are shown in the fund financial statements. The *budgetary comparisons* for other funds are shown in the combining statements and schedules section of this report.

With respect to *trend data for pension funding*, the City of Maple Valley participates in the Washington State Public Employees Retirement System (PERS) plan and in defined contribution plans sponsored by the International City/County Management Association Retirement Corporation (ICMA-RC). Descriptions of these plans are included in the notes to the financial statements and required schedules are included in the Required Supplementary Information section.

With respect to *claims development data for public entity risk pools*, the City is a member of the Washington Cities Insurance Authority (WCIA). Per GAAP, they, as a public entity risk pool, include in their financial statements, trend data on pool revenues as well as actual and estimated claims. A description of the pool is included in the notes to the financial statements.

With respect to *trend data on infrastructure condition*, the City has chosen to record infrastructure assets on the face of the financial statements and therefore *trend data on infrastructure condition* is not required.

Government-wide Financial Statement Analysis

Statement of net position. The statement of net position provides information on the City's assets, liabilities, and net position, and compares the balances by major category to the previous year's balances. The overall financial position of the City decreased by \$5,290,398, or 1.3%. The table that follows summarizes the statement of net position. The table shows the individual components of these amounts by major account group for governmental activities and business-type activities with totals and comparisons to the preceding year. The subsequent narrative explains the account balances and the changes from the prior year.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2015**

**Condensed Statement of Net Position
(Dollars expressed in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2015	2014	2015	2014	2015	2014
Assets						
Current Assets	\$ 18,078	\$ 16,556	\$ 3,076	\$ 2,892	\$ 21,154	\$ 19,448
Capital Assets	364,851	370,061	16,171	16,064	381,022	386,125
Total Assets	382,929	386,618	19,247	18,955	402,176	405,573
Deferred Outflows of Resources						
Debt Refunding	95	-	-	-	95	-
Pensions	253	-	10	-	263	-
Total Deferred Outflows of Resources	348	-	10	-	359	-
Liabilities						
Current Liabilities	1,684	1,388	100	179	1,783	1,568
Long-term Liabilities	7,769	6,196	91	-	7,860	6,196
Total Liabilities	9,453	7,584	191	179	9,643	7,764
Deferred Inflows of Resources						
Pensions	357	-	15	-	372	-
Total Deferred Inflows of Resources	357	-	15	-	372	-
Net position						
Net Investment in Capital Assets	359,384	363,865	16,171	16,064	375,555	379,929
Restricted	11,228	10,999	-	-	11,228	10,999
Unrestricted	2,856	4,169	2,881	2,712	5,736	6,881
Total Net Position	\$ 373,467	\$ 379,034	\$ 19,052	\$ 18,776	\$ 392,519	\$ 397,810

Current assets at December 31, 2015 totaled \$21,154,038, up \$1,706,074 or 8.8% from the December 31, 2014 amount of \$19,447,966. The change is comprised of an increase in cash, cash equivalents, receivables, prepaid expenses and inventory, offset by a decrease in investments. Cash and cash equivalents include: petty cash and other imprest funds totaling \$20,241, the checking account balance of \$9,868,814, and \$6,748,773 invested overnight with the State of Washington Local Government Investment Pool (LGIP). In addition to the LGIP investments, at year end the City had \$2,342,553 or 11.1% of current assets invested in two individual U.S. government agency securities with maturities in 2016 through 2017. At year-end the LGIP was earning 0.24% and the other investments were earning an average 1.45%.

The remaining current asset balance at December 31, 2015 was \$2,173,657 or 10.3%. Of this amount, \$1,047,358 was for taxes receivable, \$240,555 was for accounts receivable, \$67,826 was for accrued interest receivable, \$700,160 was for intergovernmental receivables, \$60,501 was for inventory, and \$57,257 was for prepaid items.

Of the taxes receivable amount of \$1,047,358 all but \$219,375 was collected by February 29, 2016. Of that balance, \$7,539 is for gambling taxes due from Gloria's Restaurant and taxes have not been remitted to the City since first quarter of 2014; the delinquency has been reported to the gambling commission. The remaining \$211,836 is additional 2015 sales tax due to the City as of December 31, 2015 and remitted to the City in March of 2016. Of the accounts receivable amount of \$240,555, \$59,640 was for receivables from developers, \$32,705 was for a settlement receivable, \$77,561 was in surface water management fee receivables, \$48,534 due from others for items such as the joint utility

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2015**

trench on Witte Road and outstanding fire permits, \$20,925 represents credits or refunds receivable from outside sources in the internal service funds, and \$1,190 was a vendor credit in the Drug Seizure Fund. The receivables from developers are for billings of City staff time on various developer projects. Amounts are considered very collectible in the normal course of business as project approvals are not provided until all unpaid receivables are paid. The majority of the surface water management fee receivables, \$52,773, was due from Fire District #43 for surface water management fees from 2002 through 2014. The district has not paid these fees claiming that the City owes them an at least equivalent amount in payments in lieu of taxes for City owned facilities. The issue remains unresolved. The remaining delinquent surface water management fees are collected by King County with delinquent property taxes in the normal course of business.

Of the intergovernmental receivables amount of \$700,160; \$218,078 is due from the State of Washington, \$439,019 is due from King County, \$21,551 is due from the City of Kent, \$1,181 is due from the City of Enumclaw, and \$20,331 is due from other governments including the Cities of Covington and Black Diamond with regards to interlocal agreements. The State of Washington amount is for vehicle excise taxes, vehicle surplus proceeds, and grant reimbursements from the Transportation Improvement Board and the Washington State Traffic Safety Commission. The King County amount is for property taxes, real estate excise taxes, surface water management fees, and overbilling of the Police contract. Police contract overbilling is the normal process whereby the County bills the City monthly based on the budget. At year-end a reconciliation process to actual for salary and benefits costs is made with the reconciliation amount adjusting the first billing of the new year which usually isn't billed until late Spring.

Inventory is for food, beverages, and merchandise at the Lake Wilderness Golf Course. The prepaid amount is for printing of the recreation guide, membership with the Economic Development Council, software maintenance and support for TrakiT permitting software, and other miscellaneous expenses for 2016 that the City was required to pay prior to the end of 2015. More detailed information on receivables and other short-term assets is provided in the notes to the financial statements.

Capital assets, net of accumulated depreciation, totaled \$381,021,935 down \$5,103,334 from the prior year amount of \$386,125,269. The capital assets include infrastructure assets and related depreciation as the City has chosen not to use the modified approach which in lieu of depreciation of infrastructure assets evaluates condition and maintenance level.

The table that follows shows, by capital asset type, the capital asset year-end balances.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2015**

**City of Maple Valley's Capital Assets
(Net of Accumulated Depreciation)
(Dollars expressed in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 212,457	\$ 212,355	\$ 13,899	\$ 13,689	\$ 226,356	\$ 226,044
Intangibles-Easement	314	314	-	-	314	314
Buildings	7,996	8,257	818	846	8,814	9,103
Improvements other than Bldgs	139,792	144,723	1,434	1,506	141,226	146,229
Machinery & Equipment	425	393	13	23	438	416
Intangibles-Field Rights	2,000	-	-	-	2,000	-
Intangibles-Software	205	88	7	-	212	88
Construction in Progress	1,662	3,931	-	-	1,662	3,931
Total Capital Assets	\$ 364,851	\$ 370,061	\$ 16,171	\$ 16,064	\$ 381,022	\$ 386,125

The net decrease is made up of capital asset additions and contributions of \$3,917,548, which includes \$3,700,951 for governmental activities and \$216,597 for business-type activities, offset by the increase in accumulated depreciation of \$9,014,960, which includes depreciation of \$8,905,538 for governmental activities and \$109,422 for business-type activities. The retirements of \$35,598 were for items with accumulated depreciation of \$29,677. The City also recorded transfers and other adjustments for assets with a net book value of \$3,588,919. This was primarily for previously capitalized expenses in Construction in Progress for projects that were completed and moved to the appropriate capital asset category (land, building, infrastructure, etc).

In 2015 the City transferred \$2,000,000 from Construction in Progress to Intangibles at the completion of Phase II of the Ravensdale Park project. Through a partnership with King County, the City has commenced a multi-phase project to improve, develop, and rehabilitate Ravensdale Park and its related open space, trails, and recreation and community facilities in order to provide enhanced park and recreational facilities for public use. The City's contribution to the project was \$1,500,000 funded through General Obligation Bonds and \$500,000 from the Park Development Fund. In exchange, the City receives the right to schedule up to 1,000 prime hours at Ravensdale Park for Parks and Recreation programs each year for ten years.

The additions included developer contributions for land and improvements other than buildings of \$441,249 that were related two projects contributed to the City: Terrace at Maple Woods and 236th Ave SE. In addition to this, the City added construction in progress of \$3,319,557 for projects undertaken during the year but not yet complete at year-end. The year-end construction in progress balance of \$1,661,572 is made up of \$1,399,459 for roadway projects and \$262,113 for parks projects. Machinery and equipment additions included the purchase of an all-terrain vehicle (\$24,828) and two electric motorcycles (\$32,998) by the Police Department in the General Fund; two servers (\$15,416) to host the City's voicemail in the Central Services Fund; and a Gator utility vehicle (\$7,393), a John Deere mower (\$9,932), a Maxey dump trailer (\$5,596), a Ford F-250 (\$27,822), and a Ford Escape (\$20,232) in the Vehicle Rental Fund. Additions of intangible assets in 2015 included a concurrent user license for ArcGIS software (\$6,538) and reimplementation of the EventPro software (\$5,987) for the Parks and Recreation Department. Additional capital asset information is provided in the Note 6 to the financial statements.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2015**

Long-term liabilities at December 31, 2015 totaled \$7,859,907 up \$1,663,697 from the December 31, 2014 amount of \$6,196,210. The City's portion of the net pension liability of the Public Employees Retirement System makes up \$2,392,784 or 30% of the City's long-term liabilities.

**City of Maple Valley's Long-term Liabilities (current and non-current portion)
(Dollars expressed in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2015	2014	2015	2014	2015	2014
Contracts & Loans - Current	\$ 185	\$ 185	\$ -	\$ -	\$ 185	\$ 185
General Obligation Bonds - Current	590	585	-	-	590	585
Contracts & Loans Payable	1,477	1,662	-	-	1,477	1,662
GO Bonds Payable	3,215	3,765	-	-	3,215	3,765
Total Long-term Debt	5,467	6,196	-	-	5,467	6,196
Net Pension Liability	2,302	-	91	-	2,393	-
Total Long-term Liabilities	\$ 7,769	\$ 6,196	\$ 91	\$ -	\$ 7,860	\$ 6,196

No contract and loan borrowing was done in 2015. During the year \$184,621 in infrastructure loan debt was retired. The infrastructure loan amounts are for two road improvement projects. The loans are for 20 years with final maturity in 2024. Both loans have interest rates of 0.5%.

On April 30, 2015 the City refunded its outstanding 2005 Limited Tax General Obligation bonds of \$2,915,000 with 2015 Limited Tax General Obligation Refunding Bonds with a principal amount of \$2,835,000 issued at a premium of \$187,980. The current portion of the 2015 refunding bonds is \$440,000 and the long-term portion including the unamortized premium is \$2,075,535 at December 31, 2015. The refunding bonds were issued with a coupon rate of 3% through 2019 and 4% in 2020. In addition to the refunded debt, the City had the 2014 general obligation bond outstanding long-term amount of \$1,140,000, and the current portion of \$150,000. The 2014 bond has an interest rate of 2.3% with payoff on December 1, 2023. More detailed information on long-term debt including issuance and redemption information and debt service to maturity can be found in the Note 8 to the financial statements.

Net position at December 31, 2015 totaled \$392,519,106, down \$5,290,398 from the December 31, 2014 amount of \$397,809,504. The largest portion of the December 31, 2015 total, \$375,554,812 or 95.68%, is net investment in capital assets. Most of this is for infrastructure assets acquired through annexation or from developer contributions either directly or through King County at various times since the City's incorporation. The second largest portion of total net position, \$11,227,947, up \$228,502 from the December 31, 2014 amount of \$10,999,445, is restricted, primarily for capital purposes. The unrestricted net position at December 31, 2015, totaled \$5,736,347 down \$1,144,652 from the December 31, 2014 amount of \$6,880,999. The change in net position is explained in the discussion of the statement of activities, which follows.

Statement of Activities. The statement of activities provides an overview of the changes in net position from December 31, 2014 to December 31, 2015. The condensed Statement of Activities shown in the table below identifies the changes in net position.

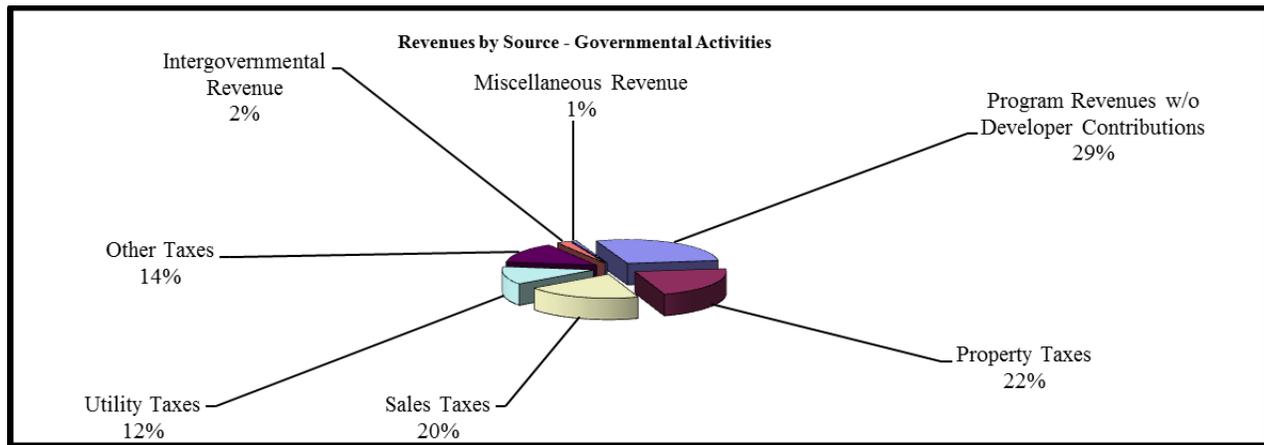
**City of Maple Valley
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**Condensed Statement of Activities
(Dollars expressed in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2015	2014	2015	2014	2015	2014
Revenues by Major Source						
Program Revenues						
Charges for Services	\$ 2,743	\$ 2,878	\$ 2,412	\$ 2,138	\$ 5,155	\$ 5,016
Operating Grants & Contributions	671	717	50	-	721	717
Capital Grants & Contributions	1,385	6,394	210	3,756	1,595	10,150
General Revenues						
Property Taxes	3,579	3,489	-	-	3,579	3,489
Sales Taxes	3,336	3,036	-	-	3,336	3,036
Utility Taxes	1,982	1,957	-	-	1,982	1,957
Other Taxes	2,319	1,894	-	-	2,319	1,894
Intergovernmental Revenue	386	354	-	-	386	354
Miscellaneous Revenue	137	82	31	13	169	96
Total Revenues	16,539	20,801	2,703	5,907	19,242	26,708
Expenses by Function						
General Government	2,112	2,262	-	-	2,112	2,262
Economic Environment	983	1,087	-	-	983	1,087
Mental and Physical Health	35	30	-	-	35	30
Culture and Recreation	2,467	2,485	1,166	1,059	3,633	3,544
Public Safety	4,060	4,017	-	-	4,060	4,017
Transportation	10,107	9,668	-	-	10,107	9,668
Utilities and Environment	104	154	821	825	925	979
Interest on Long-term Debt	80	172	-	-	80	172
Total Expenses	19,949	19,874	1,987	1,885	21,936	21,759
Excess (Deficiency) of Revenues over Expenses	(3,410)	927	716	4,023	(2,694)	4,949
Transfers In/(Out)	341	130	(341)	(130)	-	-
Increase (Decrease) in Net Position	(3,069)	1,057	375	3,892	(2,694)	4,949
Net Position - January 1	379,034	377,977	18,776	14,884	397,810	392,860
Change in Accounting Principle	(2,498)	-	(99)	-	(2,596)	-
Net Position - December 31	\$ 373,467	\$ 379,034	\$ 19,052	\$ 18,776	\$ 392,519	\$ 397,810

Governmental activities. Governmental activity revenue decreased by \$4,262,358 with the major decreases being capital grants and contributions of \$5,009,659, operating grants and contributions of \$45,691, charges for services of \$134,190, and insurance recoveries of \$8,269 offset by increases in property taxes of \$89,682, sales taxes of \$300,101, utility taxes of \$24,842, other taxes of \$424,844, intergovernmental revenue of \$32,445, investment earnings of \$56,632, and miscellaneous revenue of \$6,905. Most of the contributions are state grants providing reimbursement for the City's capital transportation projects. The chart below shows the distribution of the City revenues from governmental activities. Developer contributions are removed from the chart to provide a more meaningful analysis.

**City of Maple Valley
Management's Discussion and Analysis
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Governmental activity program revenues, exclusive of developer contributions of \$231,190, are up \$886,599 from \$3,681,324 to \$4,567,923 due to an increase of \$1,066,479 in capital grant revenue, offset by a decrease of \$45,691 in operating grants and contracts, and a decline of \$134,189 in charges for services. Developer contributions decreased \$6,076,137 in 2015 from \$6,307,327 in 2014 to \$231,190 in 2015. This decline in developer contributions reflects slower than historical levels of development activity within the City.

Governmental activity general revenues are up \$927,181 or 8.6% from \$10,812,360 in 2014 to \$11,739,541 in 2015. The increases are in all of the major categories except franchise fees which decreased \$34,938 or 10.2% and make up 2.8% of the tax base. The largest sources of tax revenue increases are identified below.

- Property taxes, which provided 31.9% of the tax base, increased \$89,682 or 2.6%;
- Sales taxes, which provided 29.7% of the tax base, increased \$300,101 or 9.9%;
- Utility taxes, which provided 17.7% of the tax base, increased \$24,842 or 1.3%;
- Vehicle excise taxes, which provided 3.2% of the tax base, increased \$18,822 or 5.5%;
- Gambling taxes, which provide 0.6% of the tax base, increased 16,212 or 31.3%; and
- Real estate excise tax, which provide 14.1 % of the tax base, increased \$424,749 or 36.9%.

The property tax increase includes two components: an annual levy limit increase of 0.94% and a new construction levy at the prior year's levy rate that provided an increase of 2.01%.

Sales tax revenue also includes two components: locally generated revenue, \$2,716,910 and public safety-related revenue distributed to cities based on population, \$619,398. The locally generated revenue is from two main sources construction and non-construction retail sales. In 2015 construction sales provided 23.4% of the locally generated sales tax revenue, up from 21.2% in 2014.

Utility taxes increased \$24,842 from \$1,956,726 to \$1,981,568 due to a combination of increased utility rates and modest increases in population and the number of dwelling units.

Real estate excise tax revenue increased \$424,749 from \$1,152,583 to \$1,577,332 primarily due to an increase in the number and value of property sales in 2015 compared to 2014. Residential sales increased from 2014 to 2015, 667 homes sold in 2015 compared to 589 in 2014. The value of new homes increased by 11.5% during 2015, while the cost of existing homes increased by 7.4%. Overall

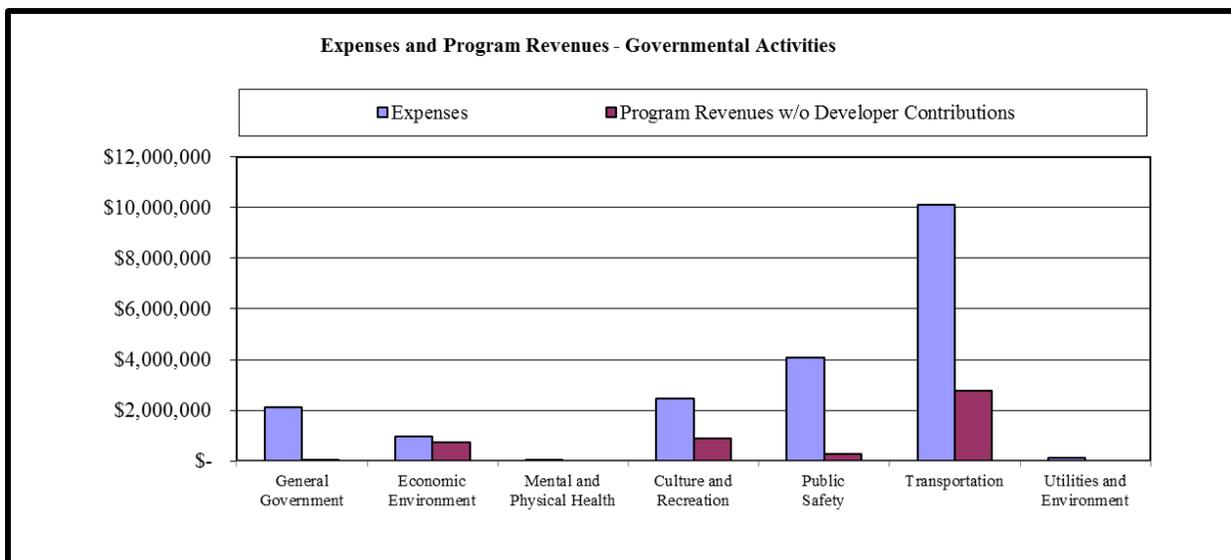
**City of Maple Valley
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December 31, 2015**

the revenue is down substantially from the peak in 2005 of almost \$2,000,000 when 1,013 single family residential homes were sold. The real estate excise tax is 1.78% on the sale of real property, with the City receiving 0.5%.

Besides the tax category changes, the other governmental activity revenues changed as follows:

- Intergovernmental revenue increased \$32,445 or 9.2%, due to an increase in shared revenue from the State of Washington.
- Miscellaneous revenue increased \$55,266 or 67.2% with increases in investment income.

The chart below compares program expenses to program revenue.



In all programs, program expenses exceeded program revenues. In general government, program revenue from special licenses, passports and gain on sale of asset was 1.6% of program expenses. In economic environment, program revenue was 74.1% of program expenses up from 68.2%; however, the City permitted 33 single family residential units down from 169 in 2014. In culture and recreation, program revenue was 35.6% of program expenses down from 46.8% in 2014 as park impact fees collected were lower along with the decrease in permitted lots for single family units. In transportation, program revenue, without developer contributions, was 26.3% of program expenses up from 15.3% due to an increase in capital grants and contributions for transportation projects in 2015.

Governmental activity expenses increased \$74,230 or 0.37% from \$19,874,413 to \$19,948,643. The categories included are: general government, economic environment, mental and physical health, culture and recreation, public safety, transportation, utilities and environment, and interest on long term debt.

General government expenses including: the city council, city manager, city clerk, city attorney, human resources, central services, public defender, prosecutor, court, and finance decreased \$149,494 or 6.6%. \$91,587 or 61% of this decrease is attributable to the change in accounting principle for GASB No. 68 by which the amount of pension expense recognized in 2015 was lower than it would have been under the previous method of recognition. An additional \$42,455 or 28% of the decrease was due to

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savings in IT services in 2015. The remaining \$15,452 was made up of increases in spending by the city manager, human resources, city clerk, and finance departments offset by savings by the city attorney, equipment services, and risk management.

Expenses for economic environment, commonly referred to at the City as community development, include lake management, planning, and building operations, and decreased \$103,945 or 9.6%. The decrease is primarily attributed to a decrease in the Community Development Building department of \$114,012 or 21.6% of 2014 expenditures. \$96,743 of this is a decrease in salaries and benefits due to the removal of the City's building official position and subsequent interlocal agreements with the cities of Covington and Black Diamond for development-related services costing the City of Maple Valley only \$35,094 in 2015. Internal Service charges for the building department also fell in 2015 by \$20,456 and \$13,727 for Public Works services and IT services respectively.

Mental and physical health increased by \$5,000 in 2015 due to the addition of a human services grant in that amount for the Maple Valley Food Bank to help mitigate a significant loss due to theft. Expenses of \$30,000 relate to grant payments to the Maple Valley food bank and Vine Maple Place for \$15,000 each. The food bank provides vital nutritional resources to those in need, and Vine Maple Place provides transitional housing, mentorship, child advocacy and life-skills training assistance to homeless single parents.

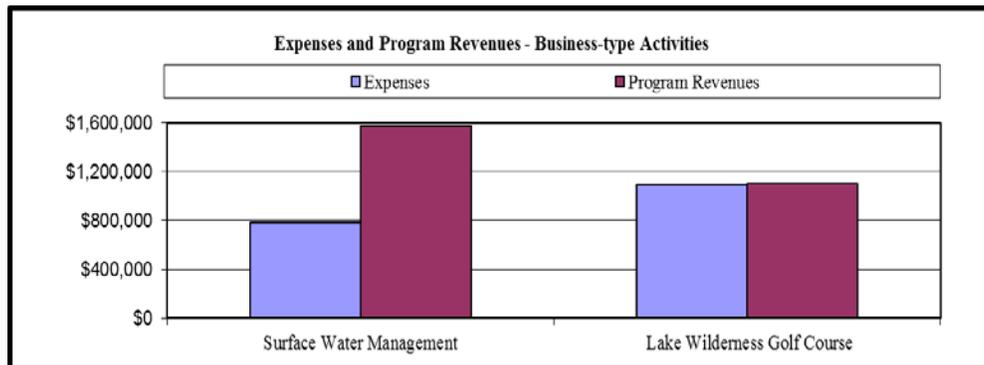
Culture and recreation expenses including: parks maintenance, the Lake Wilderness Lodge, recreation programs, community events, and funding for community service agencies, decreased \$18,221 or 0.7%. The decrease is primarily due to a decrease in spending by the Lake Wilderness Lodge department of \$42,842 or 9.4%. This savings is largely made up of a \$44,114 decrease in salaries and wages for limited part time and temporary employees of the City, a \$13,898 or 62.4% decrease in the purchase of small tools and minor equipment, a \$13,342 or 49% decrease in advertising, an \$18,705 or 60% decrease in repairs and maintenance, and a \$21,080 decrease in special event insurance. These decreases were offset by an increase of \$80,916 for contracted staff at the Lodge. Parks Maintenance utility service was also down \$9,466 or 29.9% in 2015.

Public safety expenses including: police, jail, and fire marshal, increased \$43,612 or 1.1% from 2014 to 2015. For police services, the City contracts with King County for 16 police officers, vehicles, equipment, and support costs. The City directly employs one police civilian to assist with administrative services. The police contract gives the City 24-hour coverage, seven days a week, with specifically identified police officers wearing City uniforms and driving police cars that bear the City of Maple Valley insignia. Police contract costs increased \$34,696 from \$3,519,912 in 2014 to \$3,554,608 in 2015, primarily due to higher workload. Other public safety increases include the capital purchase of two electric motorcycles costing \$16,500 each and an all-terrain vehicle (ATV) costing \$24,828.

Transportation, and utilities and environment expenses, commonly referred to at the City as public works, include development, transportation planning, street maintenance, and waste reduction & recycling. These expenses increased \$439,124 or 4.5% for transportation and decreased \$49,909 or 32.5% for utilities and environment. A significant portion of the increase is due to the increase in depreciation expense for projects completed in 2015 of \$354,971.

Business-type activities. As of December 31, 2015 the City of Maple Valley operated two business-type activities, the Surface Water Management operations and the Lake Wilderness Golf Course operations. The chart below compares program expenses to program revenue.

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In the surface water management operation charges for services increased \$65,187 or 5.2% from \$1,246,787 to \$1,311,972. The increase is made up of higher surface water management fees offset by lower site drainage inspection fees and is associated with a population increase for the surface water utility and a rate increase in 2015. Operating expenses, not including depreciation, of the surface water management operation decreased \$3,976 or 0.5% from \$786,143 to \$782,167. The decrease is due in part to a reduction of management and engineering services of \$5,732. Surface Water Management operating expenditures were under budget by \$8,243 or 1.0% in 2015.

The Lake Wilderness Golf Course, an 18-hole golf course with the capability of having a full service restaurant with banquet facilities, was purchased in November 2006 to save it from development. The course had been subsidized through the City each year through 2014, and broke even for the first time in 2015. The course is managed by Premier Golf Centers, LLC out of Seattle, Washington. The historic inability of the restaurant operation to break-even led to the formation of a Lake Wilderness Golf Course Task Force in late 2010. The recommendation of the task force was to increase golf fees to fund capital and to reduce the restaurant operations from a full service restaurant to one that caters only to the golfer. In 2015 the Lake Wilderness Golf Course operation had a program revenue increase of \$208,639 or 23.4% from \$891,270 to \$1,099,909, along with an operating expense increase, not including depreciation, of \$106,656 or 10.8% from \$989,099 to \$1,095,755. The significant increase in program revenue and related expenditures are due primarily to the closing of the nearby Elk Run Golf Course which resulted in historically high activity at the Lake Wilderness Golf Course in 2015. The Lake Wilderness Golf Course generated a surplus in 2015, exclusive of depreciation, in the amount of \$4,456.

Financial Analysis of Government's Funds

As noted earlier, the City of Maple Valley uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the City of Maple Valley's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Maple Valley's financing requirements. In particular, *unassigned fund balances* serves as a useful measure of the City's net resources available for spending at the end of the fiscal year. The General Fund is the only governmental fund with *unassigned fund balance* as other governmental funds have their fund balances restricted for particular purposes mainly to fund capital improvement program. The following table shows the governmental fund balance changes:

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**Governmental Funds
Fund Balances**

	Beginning	Ending	Increase (Decrease)
General Fund	\$ 3,599,941	\$ 4,577,015	\$ 977,074
Transportation Impact Fee Fund	5,486,848	5,151,298	(335,551)
Park Development Fund	2,070,736	1,802,819	(267,917)
Real Estate Excise Tax Fund	3,165,830	3,837,518	671,688
Capital Improvement Plan	19,025	19,025	-
Nonmajor Governmental Funds	290,366	468,686	178,320
	\$ 14,632,746	\$ 15,856,361	\$ 1,223,615

In total the governmental fund balances increased \$1,223,615. Of the General Fund balance of \$4,577,015, \$3,405,803 or 74.4% is unassigned. Of the assigned amount of \$1,117,268, \$817,293 is assigned for the subsequent year's appropriation of fund balance and \$299,975 is assigned to offset projected declining permit revenues. Total assigned and unassigned fund balance is 40.92% of General Fund expenditures. The City's financial policies state that the fund balance of operating funds will be budgeted at least 16.7% of anticipated operating expenditures. The City interprets this policy to apply in all years in its six year forecast as discussed in the transmittal letter in the Introductory Section.

Other governmental funds accumulate restricted fund balances for designated purposes.

The Transportation Impact Fee Fund accumulates transportation impact fees and other transportation development contributions to pay for the non-City share of transportation improvement projects. Impact fees collected must be spent within a specific time period, currently extended to ten years. In 2015 transportation impact fees were less than expenditures for transportation improvement projects as fees were collected from commercial development and expenditures were combined with existing fund balance to maximize the City's matching fund capabilities from the Real Estate Excise Tax Fund for infrastructure development.

The Park Development Fund accumulates park impact fees, other park development contributions, and shared County revenue for open space and trails. Impact fees collected must be spent within a specific time period, currently extended to ten years. 2015 was the fifth year for the collection of park impact fees and park impact fees were less than expenditures for park improvement projects. Park impact fees combined with transfers from the Real Estate Excise Tax Fund and Bond Proceeds Fund were used to fund the parks related capital improvement projects for 2015.

The Real Estate Excise Tax Fund accumulates taxes on the sale of new and existing real property. The taxes provide the City share of funding for both transportation and non-transportation capital improvement projects. The Real Estate Excise Tax Fund provides the City match for funds accumulated in the Transportation Impact Fee Fund and the Park Development Fund. It is also the primary funding source for non-transportation and non-park capital projects. In 2015 real estate excise taxes increased \$424,749 or 36.9% from \$1,152,583 to \$1,577,332. Transfers-out for capital projects were \$943,924 in 2015.

The Drug Seizure Fund accumulates resources from seizures and impoundment of property for the enforcement of controlled substance, DUI and other applicable laws in accordance with Washington

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State law. Per the Revised Code of Washington, the cash and property seized must be held and used “exclusively for” such enforcement activity. Fund balance at year-end was \$32,374.

The Transportation Benefit Special Revenue fund is used to account for the receipt and transfer or disbursement of motor vehicle excise taxes collected by the City. In December of 2015 the Maple Valley City Council voted to transfer operations of the Transportation Benefit District (TBD), a blended component unit, to the City itself. The Transportation Benefit Special Revenue Fund was thus created, and the TBD Fund ceased to exist in December 2015. Fee collection for vehicle excise taxes began in the second half of 2013. Transfers of \$196,317 were made during the year from the TBD Fund and Fund balance at year-end in the Transportation Benefit Special Revenue Fund was \$436,312, up \$160,281 or 58.1% from the TBD fund balance of \$276,031 in 2014.

Proprietary Funds. The City of Maple Valley’s *proprietary funds* are two Enterprise Funds, the Surface Water Management Fund and the Lake Wilderness Golf Course Fund, and three Internal Service Funds: the Vehicle Rental Fund, the Central Service Fund, and the Unemployment Trust Fund. The following table identifies the *net position* of the *proprietary funds*.

	Proprietary Funds		
	Unrestricted Net Position		
	Beginning	Ending	Increase (Decrease)
Surface Water Management Fund	\$ 2,712,069	\$ 2,877,178	\$ 165,109
Lake Wilderness Golf Course Fund	-	3,579	3,579
Vehicle Rental Fund	331,516	391,685	60,169
Central Services Fund	319,623	81,106	(238,517)
Unemployment Trust Fund	27,303	24,494	(2,809)
	\$ 3,390,511	\$ 3,378,041	\$ (12,469)

The increase in unrestricted net position of the Surface Water Management Fund is a result of increased development and connection charges in 2015. Funds were spent in 2006 through 2008 to update the surface water management comprehensive plan. Part of the update involved a review of the City’s maintenance and capital plans to ensure compliance with federal and state regulations. Implementation of these plans began in 2009 with new management and maintenance emphasis. Near the end of 2011, the City hired its first full time staff position to manage this function.

The Lake Wilderness Golf Course Fund had an unrestricted net position of \$3,579 at the end of 2015. 2015 was the first year since the City purchased the golf course that the Lake Wilderness Golf Course Fund operated at a surplus. Operating revenues were significantly higher in 2015 due to the closing of the nearby Elk Run Golf Course.

The internal service funds accumulate funds for vehicle and equipment replacement and to pay unemployment claims. In 2015, the Vehicle Rental Fund increased its net position. The Vehicle Rental Fund assets are continuing to out-live their replacement rate as the City has only six plus square miles and excellent roads. In 2015, the Central Service Fund decreased its net position. The Central Services Fund is continuing extensive technology equipment replacement that began with the completion of an information technology strategic plan funded in 2006. The Unemployment Trust Fund reduced net position in 2015. In 2013 and 2014 the fund balance in this fund had declined at a higher than historical rate; however, the decline has slowed considerably in 2015. The City will continue to watch this fund

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closely during 2016 and, if needed, a transfer will be made from the General Fund to cover any claim activity above fund balance.

General Fund Budgetary Highlights

Per State law, budgetary control is at the fund level. Though budgetary control is required at the fund level, it is maintained at the project, organization and object code level. The following table compares the total General Fund original and final budgets to the actual results for the year ended December 31, 2015.

	General Fund Budget Amendments				
	Original Budget	Budget Amendment	Final Budget	Actual	% of Budget
General Fund	\$ 11,655,100	\$ 121,042	\$ 11,776,142	\$ 11,053,118	94%
General Government					
Volunteer Recognition		3,840			
Economic Environment (Community Development)					
Comprehensive Plan		50,000			
Human Services					
Lawn mower purchase for Arboretum		2,800			
Culture and Recreation					
Tahoma Learning Community		33,916			
EventPro Upgrade		6,000			
Increase Recreation Specialist to Full Time		24,486			
		<u><u>\$ 121,042</u></u>			

General Fund amendments in 2015 consisted of \$121,042; \$50,000 of this was to fund additional consultant work on the City's comprehensive plan update, and \$33,916 of the total amendment was to fund the absorption of the Tahoma Learning Community programs into the City's recreation budget. The remaining \$37,126 was to increase funding for the volunteer recognition event, to increase the recreation specialist position to full-time, to fund an upgrade to the EventPro parks and recreation software, and to fund the purchase of a lawn mower for the Arboretum. The General Fund's actual expenditures were 94% of its budget, a reduction from 97% in 2014. The following summarizes the General Fund's budget and actual comparison.

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**General Fund
Budget to Actual Comparison**

	Final Budget		Variance from Final Budget	
	Final Budget	Actual	Final Budget	Percent
Revenue				
Taxes	\$ 8,646,965	\$ 8,914,599	\$ 267,634	103%
Licenses & Permits	675,050	929,695	254,645	138%
Intergovernmental Revenue	981,390	1,057,443	76,053	108%
Charges for Services	752,215	843,835	91,620	112%
Fines and Forfeitures	97,510	100,983	3,473	104%
Miscellaneous Revenue	412,020	424,169	12,149	103%
	\$ 11,565,150	\$ 12,270,724	\$ 705,574	106%
Expenditures				
Current				
General Government	\$ 2,229,490	\$ 1,995,361	\$ 234,129	89%
Community Development	1,151,380	961,406	189,974	84%
Human Services	235,760	242,047	(6,287)	103%
Park & Recreation	2,160,042	1,979,690	180,352	92%
Public Safety	4,446,790	4,344,576	102,214	98%
Public Works	1,552,680	1,530,038	22,642	99%
	\$ 11,776,142	\$ 11,053,118	\$ 723,024	94%

Actual revenues were higher than budgeted all categories in 2015. The increase in taxes is almost totally attributable to the increase in sales tax revenue which was higher than budgeted by \$216,911 or 8.68%. The City generates sales tax from both construction and non-construction activity. Sales tax from construction activity increased 21% in 2015.

Licenses and permits and charges for service were both ahead of budget as development activity increased throughout the year and ended ahead of budget. Residential and commercial permitting activity not only generates building permit revenue but also impact fee revenue.

Intergovernmental revenue was above budget with both operational grants and State shared revenue, such as liquor taxes and revenue sharing, being above budget. Fines and forfeitures were also higher than budgeted in 2015. Miscellaneous revenue was above budget due to higher than anticipated investment income and donations for community events and recreation activities, offset by lower than expected rental and concession income from the Lake Wilderness Lodge for weddings and other events.

The primary reason for actual expenditures being 94% of the final budget, a larger savings than the 97% in 2014, is the conservative nature of the City's budgeting process. The conservative nature of the City's budgeting process is a result of City policy whereby all new positions are budgeted for a full year and existing positions are frequently held vacant for a number of months while the recruitment process is ongoing.

Though not required, the City of Maple Valley prepares annual budgets for all funds. In the City of Maple Valley, most Special Revenue Funds have no expenditure budgets because accumulated restricted funds are budgeted and transferred to other funds to provide resources for their expenditures. If the funds are to be used for operating purposes, they are budgeted and transferred to the General Fund where budget control is maintained. If the funds are to be used for capital purposes, they are transferred to the Capital Improvement Plan Fund where budget control is maintained. The exceptions

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to this general rule are the Drug Seizure, Transportation Benefit District, and Transportation Benefit Special Revenue funds. Expenditures could occur within both funds. The budget and actual information for non-General and non-Special Revenue Funds are included after the notes to the financial statements.

Capital Improvement Plan Fund budgets can be maintained on a project basis, but the City of Maple Valley establishes annual budgets by re-appropriating appropriate unspent prior year amounts. Detailed schedule of project life-to-date budget and actual information is shown with the annual budget information. A summary is provided immediately prior to the statistical section.

Economic Factors Affecting the 2015 Budget and the Six-Year Financial Forecast

The City's six-year financial forecast as of December 31, 2015 is included in the 2016 Final Budget and summarized in the Introductory Section of this Comprehensive Annual Financial Report. As stated there, the overall purpose of the forecast is to not over-commit the operating expenditure budget within a conservative revenue forecast based on the real inventory of developable land. The forecast is based on the historically successful model of residential development that concludes with the statement that as the new residents begin shopping locally, additional sales tax revenue is generated, eventually leading to the construction of new commercial facilities.

In the last ten years the City has permitted 1,326 single-family residential lots and at December 31, 2015 had an additional 235 lots in inventory with at least preliminary plat approval. A listing of private development activity showing remaining preliminary plat lots is shown in the Statistical Section of this report. In addition to the 235 approved lots, there remains at December 31, 2015 a large number of potentially available un-platted lots. This potential for single-family residential development is in addition to a number of undeveloped non-residential sites. This mix of inventory should provide significant development activity within the six-year financial forecast described below.

With the last step in the single family residential permitting cycle being to increase the demand for commercial development, that happened in a big way on April 14, 2011 when ground was broken for a 250,000 square foot thirteen building commercial complex. The complex will be built-out over a couple of years, but the anchor tenant, Fred Meyer opened in May 2012. In addition to this development, the City has a number of other large parcels that are prime for development. To assist in this effort the City is working with a revamped Economic Development Committee to bring a greater level of commercial expertise to the City.

With revenue opportunities identified above related to single family residential and commercial development and future annexation combined with the City's conservative budgeting policies and practices and a six-year financial forecast, funding should be available to meet the needs of a growing residential community, but the City must proceed cautiously.

Though the General Fund seems to be financially sound with diverse revenue sources and potential for growth, the Capital Improvement Plan Fund is somewhat restricted. Fewer building permits have provided less transportation and park impact fee revenue and the sluggish housing market has produced a lower level of real estate excise taxes than provided in previous years. It is expected vehicle excise tax fees will provide much needed funding for some capital improvements throughout the City. These combined revenue sources produced \$2,828,014 in 2015 from which \$668,504 in debt service was paid leaving on an annual basis only about \$2.16 million for capital improvements, not very much for a young and growing City. Surely the economic condition will improve in the years to come. In

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the meantime the City may need to settle for a smaller capital improvement program as it encourages the development of its commercial properties.

Though the 2016 budget was developed with caution and the six-year forecast does not expect significant economic growth, some modest growth in both the residential and commercial sector is forecasted. As in the past, the City will monitor the finances with monthly financial reporting and quarterly presentations to the City Council. This effort should allow the City to meet the needs of the community without undue strain on City staff or the community.



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Basic Financial Statements



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Government-wide Financial Statements



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City of Maple Valley
Statement of Net Position
December 31, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 14,068,255	\$ 2,569,573	\$ 16,637,828
Investments	1,980,765	361,788	2,342,553
Receivables (net of allowance for uncollectibles):			
Taxes	1,047,358	-	1,047,358
Accounts	162,995	77,561	240,555
Accrued Interest	67,826	-	67,826
Intergovernmental Receivable	695,446	4,714	700,160
Inventory	-	60,501	60,501
Prepaid Items	55,453	1,804	57,257
Capital Assets Not Being Depreciated:			
Land	212,457,053	13,899,126	226,356,179
Intangibles-Easement	314,018	-	314,018
Construction in Progress	1,661,572	-	1,661,572
Capital Assets, Net of Accumulated Depreciation and Amortization:			
Buildings	7,996,243	818,141	8,814,384
Machinery, Equipment and Vehicles	424,534	13,186	437,720
Intangibles-Software	205,047	6,538	211,585
Intangibles-Field Rights	2,000,000	-	2,000,000
Infrastructure	139,754,054	-	139,754,054
Other Capital Assets	38,340	1,434,085	1,472,425
Total Assets	382,928,959	19,247,017	402,175,976
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Debt Refunding	95,087	-	95,087
Deferred Outflows Related to Pensions	253,107	10,358	263,465
Total Deferred Outflows of Resources	348,194	10,358	358,552
LIABILITIES			
Accounts Payable	233,108	48,050	281,158
Payroll Payable	121,577	6,479	128,056
Intergovernmental Payable	273,663	15,585	289,248
Deposits and Unearned Revenue	900,445	28,848	929,293
Compensated Absences Payable	141,831	981	142,812
Accrued Interest Payable	12,918	-	12,918
Noncurrent Liabilities:			
Contracts & Loans - Due within one year	184,621	-	184,621
General Obligation Bonds - Due within one year	590,000	-	590,000
Contracts & Loans - Due after one year	1,476,968	-	1,476,968
General Obligation Bonds - Due after one year	3,215,535	-	3,215,535
Net Pension Liability	2,301,900	90,884	2,392,784
Total Liabilities	9,452,566	190,826	9,643,392
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	357,313	14,715	372,028
Total Deferred Inflows of Resources	357,313	14,715	372,028
NET POSITION			
Net Investment in Capital Assets	359,383,737	16,171,075	375,554,812
Restricted for:			
Street Capital Projects	5,587,610	-	5,587,610
Park Capital Projects	1,802,819	-	1,802,819
General Capital Projects	3,837,518	-	3,837,518
Unrestricted	2,855,590	2,880,756	5,736,347
Total Net Position	\$ 373,467,274	\$ 19,051,832	\$ 392,519,106

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
Statement of Activities
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Service (1)	Grants and Contributions	
			Operating	Capital
GOVERNMENTAL ACTIVITIES				
General Government	\$ 2,112,028	\$ 33,139	\$ -	\$ -
Economic Environment	983,045	728,416	-	-
Mental and Physical Health	35,000	-	-	-
Culture and Recreation	2,466,942	877,404	-	-
Public Safety	4,060,303	176,726	95,708	-
Transportation	10,107,443	927,679	575,296	1,384,745
Utilities and Environment	103,682	-	-	-
Interest on Long-term Debt	80,200	-	-	-
Total Governmental Activities	19,948,643	2,743,364	671,004	1,384,745
BUSINESS-TYPE ACTIVITIES				
Surface Water Management	821,467	1,311,972	50,000	210,059
Lake Wilderness Golf Course	1,165,878	1,099,909	-	-
Total Business-type Activities	1,987,344	2,411,881	50,000	210,059
Total Primary Government	21,935,987	5,155,244	721,004	1,594,804

General Revenues

Taxes
Property Taxes
Sales Taxes
Utility Taxes
Excise Taxes in Lieu of Property Tax
Other Taxes (Real Estate Excise)
Business and Occupation (Gambling) Taxes
Franchise Fees (Taxes)
Intergovernmental Revenue not restricted to specific programs
State Shared Revenue
Miscellaneous Revenue
Investment Earnings
Other Miscellaneous Revenue

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Change in Accounting Principle (Note 14)

Net Position - Ending

(1) Includes other program revenue except grants and contributions

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (2,078,888)	\$ -	\$ (2,078,888)
(254,628)	-	(254,628)
(35,000)	-	(35,000)
(1,589,539)	-	(1,589,539)
(3,787,869)	-	(3,787,869)
(7,219,723)	-	(7,219,723)
(103,682)	-	(103,682)
(80,200)	-	(80,200)
(15,149,530)	-	(15,149,530)
-	750,564	750,564
-	(65,969)	(65,969)
-	684,596	684,596
(15,149,530)	684,596	(14,464,935)
3,579,149	-	3,579,149
3,336,309	-	3,336,309
1,981,568	-	1,981,568
364,041	-	364,041
1,577,332	-	1,577,332
68,085	-	68,085
309,123	-	309,123
386,439	-	386,439
115,482	31,706	147,188
22,013	(213)	21,800
341,422	(341,422)	-
12,080,963	(309,929)	11,771,034
(3,068,568)	374,667	(2,693,901)
379,033,535	18,775,969	397,809,504
(2,497,693)	(98,804)	(2,596,497)
\$ 373,467,274	\$ 19,051,832	\$ 392,519,106



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Fund Financial Statements

**City of Maple Valley
Balance Sheet
Governmental Funds
December 31, 2015**

	General	Special Revenue		
		Transportation Development	Park Development	Real Estate Excise Tax
ASSETS				
Cash and Cash Equivalents	\$ 3,785,601	\$ 4,586,493	\$ 1,580,316	\$ 3,052,830
Investments	533,000	645,763	222,503	429,829
Receivables (net of allowance for uncollectibles):				
Taxes	1,047,358	-	-	-
Accounts	152,006	-	-	-
Accrued Interest	67,826	-	-	-
Interfund Loan Receivable	-	162,000	-	-
Intergovernmental Receivable	132,959	-	-	354,860
Prepaid Items	53,944	-	-	-
Total Assets	\$ 5,772,694	\$ 5,394,257	\$ 1,802,819	\$ 3,837,518
LIABILITIES				
Liabilities				
Accounts Payable	\$ 164,092	\$ -	\$ -	\$ -
Payroll Payable	111,367	-	-	-
Interfund Loan Payable	-	-	-	-
Intergovernmental Payable	264,243	-	-	-
Deposits Payable	551,202	-	-	-
Unearned Revenue	104,775	242,959	-	-
Total Liabilities	1,195,679	242,959	-	-
FUND BALANCES				
Nonspendable:				
Prepaid Items	53,944	-	-	-
Restricted:				
Street Capital Projects	-	5,151,298	-	-
Park Capital Projects	-	-	1,802,819	-
1st .25% Capital Purposes	-	-	-	2,031,718
2nd .25% Capital Purposes	-	-	-	1,805,800
Drug Investigations	-	-	-	-
Transportation Infrastructure	-	-	-	-
Committed:				
Public Art Purposes	-	-	-	-
Assigned:				
Subsequent year's budget appropriation of fund balance	817,293	-	-	-
Assigned for offset of projected decline in permitting revenue	299,975	-	-	-
Unassigned	3,405,803	-	-	-
Total Fund Balances	4,577,015	5,151,298	1,802,819	3,837,518
Total Liabilities and Fund Balances	\$ 5,772,694	\$ 5,394,257	\$ 1,802,819	\$ 3,837,518

The notes to the financial statements are an integral part of this statement.

Capital Projects		
Capital Improvement Plan	Total Nonmajor Funds	Total Governmental Funds
\$ 58,469	\$ 387,397	\$ 13,451,107
8,232	54,544	1,893,872
-	-	1,047,358
-	1,190	153,196
-	-	67,826
-	-	162,000
174,139	27,938	689,895
-	-	53,944
\$ 240,841	\$ 471,069	\$ 17,519,198
\$ 58,229	\$ 2,382	\$ 224,704
1,404	-	112,771
162,000	-	162,000
183	1	264,427
-	-	551,202
-	-	347,734
221,816	2,383	1,662,837
-	-	53,944
-	-	5,151,298
-	-	1,802,819
-	-	2,031,718
-	-	1,805,800
-	32,374	32,374
-	436,312	436,312
19,025	-	19,025
-	-	817,293
-	-	299,975
-	-	3,405,803
19,025	468,686	15,856,361
\$ 240,841	\$ 471,069	\$ 17,519,198



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City of Maple Valley
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2015

Total Governmental Fund Balances as reported on the Balance Sheet **\$ 15,856,361**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Note 6) These assets consist of:

Land	\$ 212,457,052	
Intangibles-Easement	314,018	
Construction in progress	1,661,572	
Subtotal: Non-depreciable capital assets	214,432,642	
Buildings	10,402,376	
Leasehold Improvements	76,681	
Machinery, Equipment and Vehicles	1,306,665	
Intangibles-Software	397,944	
Intangibles-Field Rights	2,000,000	
Infrastructure	272,302,736	
Less: Accumulated Depreciation	(135,875,287)	
Less: Accumulated Amortization	(192,898)	
Subtotal: Depreciable capital assets	150,418,217	
Total capital assets		364,850,859

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. (Notes 7 and 8)

Accrued Interest on General Obligation Bonds Payable	(12,918)	
Compensated Absences	(132,884)	
Contracts, Loans, and Bonds Payable	(5,467,123)	
Net Pension Liability excluding the internal service funds	(2,123,796)	(7,736,721)

Some deferred outflows and inflows of resources are not reported in the funds. (Notes 8 and 11)

Deferred Outflow on Refunding of General Obligation Bonds	95,087	
Deferred Outflow Related to Pensions, excluding the internal service funds	232,706	
Deferred Inflow Related to Pensions, excluding the internal service funds	(328,304)	(511)

Restricted net assets of internal service funds are included in governmental activities in the Statement of Net Position.

497,285

Net Position of Governmental Activities as reported on the Statement of Net Position **\$ 373,467,274**

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue			
	General	Transportation Development	Park Development	Real Estate Excise Tax
REVENUES				
Taxes				
Property	\$ 3,528,637	\$ -	\$ 50,512	\$ -
Sales	3,336,309	-	-	-
Utility	1,981,568	-	-	-
Business and Occupation (Gambling) Taxes	68,085	-	-	-
Excise Taxes in Lieu of Property Tax	-	-	-	-
Other Taxes (Real Estate Excise)	-	-	-	1,577,332
Licenses & Permits	929,695	-	-	-
Intergovernmental Revenue	1,057,443	-	-	-
Charges for Service	843,835	627,263	85,374	-
Fines & Forfeitures	100,983	-	-	-
Miscellaneous Revenue	424,169	61,833	20,284	38,280
Total Revenues	12,270,724	689,096	156,170	1,615,612
EXPENDITURES				
Current				
General Government	2,272,577	-	-	-
Economic Environment	997,054	-	-	-
Mental and Physical Health	35,000	-	-	-
Culture and Recreation	2,186,737	-	-	-
Public Safety	4,035,841	-	-	-
Transportation	1,364,401	-	-	-
Utilities and Environment	103,682	-	-	-
Capital Outlay	57,826	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Other Fees	-	-	-	-
Total Expenditures	11,053,118	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,217,606	689,096	156,170	1,615,612
Other Financing Sources (Uses)				
Issuance of Refunding Bonds	-	-	-	-
Payment to Refunding Escrow Agent	-	-	-	-
Transfers In	61,956	-	-	-
Transfers Out	(302,488)	(1,024,646)	(424,087)	(943,924)
Total Other Financing Sources (Uses)	(240,532)	(1,024,646)	(424,087)	(943,924)
Net Change in Fund Balances	977,074	(335,550)	(267,917)	671,688
Fund Balances, January 1	3,599,941	5,486,848	2,070,736	3,165,830
Fund Balances, December 31	\$ 4,577,015	\$ 5,151,298	\$ 1,802,819	\$ 3,837,518

The notes to the financial statements are an integral part of this statement.

<u>Capital Projects</u>		
<u>Capital Improvement Plan</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 3,579,149
-	-	3,336,309
-	-	1,981,568
-	-	68,085
-	364,041	364,041
-	-	1,577,332
-	-	929,695
1,153,555	-	2,210,998
-	-	1,556,472
-	-	100,983
-	31,977	576,543
<u>1,153,555</u>	<u>396,018</u>	<u>16,281,174</u>
-	-	2,272,577
-	-	997,054
-	-	35,000
-	-	2,186,737
-	10,828	4,046,669
206,453	10,538	1,581,392
-	-	103,682
3,211,446	-	3,269,273
814,621	-	814,621
94,246	45,435	139,682
<u>4,326,767</u>	<u>66,801</u>	<u>15,446,685</u>
<u>(3,173,212)</u>	<u>329,217</u>	<u>834,489</u>
-	3,022,980	3,022,980
-	(2,975,277)	(2,975,277)
3,173,212	-	3,235,167
-	(198,601)	(2,893,745)
<u>3,173,212</u>	<u>(150,897)</u>	<u>389,126</u>
-	178,320	1,223,615
<u>19,025</u>	<u>290,366</u>	<u>14,632,746</u>
<u>\$ 19,025</u>	<u>\$ 468,686</u>	<u>\$ 15,856,361</u>



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City of Maple Valley
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - total Governmental Funds **\$ 1,223,615**

In the Statement of Revenues, Expenditures, and Changes in Fund Balances for governmental funds, non-cash contributions of capital assets from entities outside the government are not reported. In the Statement of Activities, the fair value of these assets is recorded as a contribution.

Developer Contributions - Land	101,996	
Developer Contributions - Infrastructure	<u>129,194</u>	231,190

In the Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds report capital outlays as expenditures. In the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay		3,269,273
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	<u>Depreciation</u>	
General Government	\$ 41,695	
Community Development	3	
Culture and Recreation	297,556	
Public Safety	15,514	
Transportation	<u>8,550,771</u>	(8,905,539)

In the Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds recognize that the issuance of long-term debt provides current financial resources, while the repayment of principal of long-term debt consumes current financial resources. In the Statement of Activities these changes in long-term liabilities and deferred inflows of resources do not have any effect on net position.

Issuance of Refunding General Obligation Bonds	(3,022,980)	
Payment to Refunding Escrow Agent	2,975,277	
Debt Issue Cost	45,435	
Additional Proceeds	2,268	
Repayment of Long-term Debt	814,621	
Amortization of Bond Premium	22,445	
Increase in Accrued Interest on Long-term Debt	4,494	
Increase in Compensated Absences	<u>(7,484)</u>	834,076

Certain expenditures reported in the funds either increase or decrease long-term liabilities or deferred outflows reported on the Statement of Net Position and have been eliminated from the Statement of Activities.

Pension		84,621
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Amortization of some deferred outflows of resources are not reported in the funds.

Amortization of Deferred Outflow on Refunding of GO Bonds		(12,893)
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Internal service funds are used by the City to charge the costs of vehicle rental, central services, and unemployment insurance to individual funds. The net revenue of certain activities in internal service funds is reported with governmental activities.

Internal Service Funds - Operating Income (not including depreciation)	183,068	
Internal Service Funds - Non-operating Income		
Investment Earnings	9,566	
Other Interest Revenue (Expenses)	6,687	
Gain/(Loss) on Retirement of Capital Assets	<u>7,768</u>	207,089

Change in Net Position of Governmental Activities **\$ (3,068,568)**

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

Page 1 of 3

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Property Taxes	\$ 3,526,625	\$ 3,526,625	\$ 3,528,637	\$ 2,012
Sales Taxes				
Locally Generated	2,500,000	2,500,000	2,716,911	216,911
.1% Criminal Justice	556,510	556,510	619,398	62,888
Utility Taxes	2,024,050	2,024,050	1,981,568	(42,482)
Gambling Taxes	39,780	39,780	68,085	28,305
Total Taxes	8,646,965	8,646,965	8,914,599	267,634
Licenses & Permits				
Special Licenses	960	960	25	(935)
Franchise Fees	404,040	404,040	372,101	(31,939)
Development Permits	264,440	264,440	536,179	271,739
Business and Transient Sales Licenses	5,610	5,610	21,389	15,779
Total Licenses & Permits	675,050	675,050	929,695	254,645
Intergovernmental Revenue				
Federal and State Grants	62,830	62,830	48,518	(14,312)
State Shared Revenue	878,040	878,040	971,925	93,885
Local Grants & Entitlements	40,520	40,520	36,999	(3,521)
Total Intergovernmental Revenue	981,390	981,390	1,057,443	76,053
Charges for Service				
Development Charges	345,280	345,280	369,583	24,303
Miscellaneous Charges	345,435	406,935	474,252	67,317
Total Charges for Service	690,715	752,215	843,835	91,620
Fines & Forfeitures				
	97,510	97,510	100,983	3,473
Miscellaneous Revenue				
Investment Earnings	35,110	35,110	65,472	30,362
Rents, Leases, and Concessions	347,770	347,770	306,159	(41,611)
Other Miscellaneous Revenue	29,140	29,140	52,538	23,398
Total Miscellaneous Revenue	412,020	412,020	424,169	12,149
Total Revenues	\$ 11,503,650	\$ 11,565,150	\$ 12,270,724	\$ 705,574

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

Page 2 of 3

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
General Government				
City Council	\$ 126,240	\$ 130,080	\$ 107,890	\$ 22,190
City Manager	562,630	562,630	445,850	116,780
Human Resources	141,660	141,660	133,254	8,406
City Clerk	570,250	570,250	522,721	47,529
City Attorney	180,890	180,890	160,801	20,089
Finance	643,980	643,980	624,845	19,135
Total General Government	2,225,650	2,229,490	1,995,361	234,129
Community Development	1,101,380	1,151,380	961,406	189,974
Human Services	235,760	235,760	242,047	(6,287)
Parks and Recreation				
Administration	335,490	335,490	318,750	16,740
Parks Maintenance	377,170	377,170	335,904	41,266
Lake Wilderness Lodge	480,710	486,710	425,374	61,336
Recreation and Events	840,170	898,572	832,882	65,690
Community Service Agencies	59,300	62,100	66,779	(4,679)
Total Parks	2,092,840	2,160,042	1,979,690	180,352
Public Safety				
Police	3,880,690	3,880,690	3,801,402	79,288
Capital	-	-	57,826	(57,826)
Jail	215,730	215,730	171,560	44,171
Municipal Court	337,060	337,060	289,951	47,109
Emergency Operations Center	13,310	13,310	23,838	(10,528)
Total Public Safety	4,446,790	4,446,790	4,344,576	102,214
Public Works				
Administration	510,840	510,840	579,336	(68,496)
Transportation Planning	65,270	65,270	20,270	45,000
Maintenance Division	265,250	265,250	377,886	(112,636)
Street Maintenance	489,560	489,560	386,908	102,652
Waste Reduction & Recycling	144,010	144,010	103,682	40,328
Lake Management	77,750	77,750	61,956	15,794
Total Public Works	1,552,680	1,552,680	1,530,038	22,642
Total Expenditures	\$ 11,655,100	\$ 11,776,142	\$ 11,053,118	\$ 723,024

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

Page 3 of 3

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues over (under) Expenditures	\$ (151,450)	\$ (210,992)	\$ 1,217,606	\$ 1,428,598
Other Financing Sources (Uses)				
Transfer in from Surface Water Management Fund	77,750	77,750	61,956	(15,794)
Transfer out to Capital Improvement Plan Fund	(343,878)	(343,618)	(302,488)	41,130
Transfer out to Lake Wilderness Golf Course	(21,790)	(21,790)	-	21,790
Total Other Financing Sources (Uses)	(287,918)	(287,658)	(240,532)	47,126
Net Change in Fund Balances	(439,368)	(498,650)	977,074	1,475,724
Fund Balance, January 1	3,088,186	3,599,941	3,599,941	-
Fund Balance, December 31	\$ 2,648,818	\$ 3,101,291	\$ 4,577,015	\$ 1,475,724

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
Transportation Development Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services				
Transportation Impact Fees	\$ 533,710	\$ 533,710	\$ 627,263	\$ 93,553
Total Charges for Services	533,710	533,710	627,263	93,553
Miscellaneous Revenue				
Investment Earnings	42,880	42,880	61,833	18,953
Total Miscellaneous Revenue	42,880	42,880	61,833	18,953
Total Revenues	576,590	576,590	689,096	112,506
Other Financing Sources (Uses)				
Transfer out to Capital Improvement Plan Fund	(2,435,738)	(2,528,274)	(1,024,646)	1,503,628
Total Other Financing Sources (Uses)	(2,435,738)	(2,528,274)	(1,024,646)	1,503,628
Net Change in Fund Balances	(1,859,148)	(1,951,684)	(335,550)	1,616,134
Fund Balance, January 1	5,458,625	5,486,848	5,486,848	-
Fund Balance, December 31	\$ 3,599,477	\$ 3,535,164	\$ 5,151,298	\$ 1,616,134

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
Park Development Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes Revenue				
King County Open Space & Trails Levy	\$ 45,000	\$ 45,000	\$ 50,512	\$ 5,512
Total Taxes Revenue	45,000	45,000	50,512	5,512
Charges for Services				
Park Impact Fees	244,760	244,760	85,374	(159,386)
Total Charges for Services	244,760	244,760	85,374	(159,386)
Miscellaneous Revenue				
Investment Earnings	14,560	14,560	20,284	5,724
Total Miscellaneous Revenue	14,560	14,560	20,284	5,724
Total Revenues	304,320	304,320	156,170	(148,150)
Other Financing Sources (Uses)				
Transfer out to Capital Improvement Plan Fund	(546,918)	(775,868)	(424,087)	351,781
Total Other Financing Sources (Uses)	(546,918)	(775,868)	(424,087)	351,781
Net Change in Fund Balances	(242,598)	(471,548)	(267,917)	203,631
Fund Balance, January 1	1,739,136	2,070,736	2,070,736	-
Fund Balance, December 31	\$ 1,496,538	\$ 1,599,188	\$ 1,802,819	\$ 203,631

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
Real Estate Excise Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Real Estate Excise Tax	\$ 1,000,000	\$ 1,000,000	\$ 1,577,332	\$ 577,332
Total Taxes	1,000,000	1,000,000	1,577,332	577,332
Miscellaneous Revenue				
Investment Earnings	18,460	18,460	38,280	19,820
Total Miscellaneous Revenue	18,460	18,460	38,280	19,820
Total Revenues	1,018,460	1,018,460	1,615,612	597,152
Other Financing Sources (Uses)				
Transfer out to Capital Improvement Plan Fund	(1,412,894)	(1,757,351)	(943,924)	813,427
Total Other Financing Sources (Uses)	(1,412,894)	(1,757,351)	(943,924)	813,427
Net Change in Fund Balances	(394,434)	(738,891)	671,688	1,410,579
Fund Balance, January 1	2,502,320	3,165,830	3,165,830	-
Fund Balance, December 31	\$ 2,107,886	\$ 2,426,939	\$ 3,837,518	\$ 1,410,579

The notes to the financial statements are an integral part of this statement.

**City of Maple Valley
Statement of Net Position
Proprietary Funds
December 31, 2015**

	Business-type Activities			Governmental Activities
	Surface Water Management	Lake Wilderness Golf Course	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 2,561,161	\$ 8,412	\$ 2,569,573	\$ 617,148
Investments	360,603	1,184	361,788	86,892
Receivables (net of uncollectibles)				
Customer Accounts	77,560	-	77,561	-
Due from Other Governments	4,714	-	4,714	5,551
Due from Others	-	-	-	20,925
Inventory	-	60,501	60,501	-
Prepaid Items	1,804	-	1,804	25,751
Total Current Assets	3,005,843	70,098	3,075,941	756,267
Noncurrent Assets:				
Capital Assets:				
Land	11,618,908	2,280,218	13,899,126	-
Buildings	18,245	1,040,000	1,058,245	-
Machinery, Equipment and Vehicles	-	234,822	234,822	1,069,801
Intangibles-Software	6,538	-	6,538	397,944
Other Capital Assets	1,128,379	1,013,977	2,142,356	-
Less: Accumulated Depreciation	(410,007)	(760,005)	(1,170,012)	(743,088)
Less: Accumulated Amortization	-	-	-	(192,898)
Total Noncurrent Assets	12,362,063	3,809,012	16,171,075	531,759
Total Assets	15,367,905	3,879,110	19,247,016	1,288,025
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	10,265	92	10,358	20,401
Total Deferred Outflows of Resources	10,265	92	10,358	20,401
LIABILITIES				
Current Liabilities:				
Accounts Payable	13,325	34,725	48,050	19,530
Payroll Payable	6,479	-	6,479	8,805
Due to Other Governments	13,485	2,100	15,585	9,236
Deposits and Deferred Revenue	-	28,848	28,848	-
Compensated Absences Payable	981	-	981	8,947
Unearned Revenue	-	-	-	25,751
Total Current Liabilities	34,269	65,673	99,942	72,269
Noncurrent Liabilities				
Net Pension Liability	90,077	807	90,884	178,104
Total Noncurrent Liabilities	90,077	807	90,884	178,104
Total Liabilities	124,346	66,480	190,826	250,373
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	14,584	131	14,715	29,009
Total Deferred Inflows of Resources	14,584	131	14,715	29,009
NET POSITION				
Net Investment in Capital Assets	12,362,063	3,809,012	16,171,075	531,759
Unrestricted	2,877,178	3,579	2,880,756	497,285
Total Net Position	\$ 15,239,241	\$ 3,812,591	\$ 19,051,832	\$ 1,029,044

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities			Governmental
	Surface Water Management	Lake Wilderness Golf Course	Total Enterprise Funds	Internal Service Funds
Operating Revenues				
Charges for Service				
Surface Water Management Fees	\$ 1,309,372	\$ -	\$ 1,309,372	\$ -
Golf Operations	-	800,313	800,313	-
Restaurant Operations	-	299,596	299,596	-
Other Services	2,600	-	2,600	1,314,199
Total Operating Revenues	1,311,972	1,099,909	2,411,881	1,314,199
Operating Expenses				
Cost of Services	782,167	1,095,755	1,877,923	1,131,131
Depreciation	39,299	70,122	109,422	112,356
Total Operating Expenses	821,467	1,165,878	1,987,344	1,243,487
Operating Income	490,505	(65,969)	424,536	70,712
Nonoperating Revenue (Expense)				
Intergovernmental Revenue	50,000	-	50,000	-
Investment Earnings (Expense)	31,191	516	31,706	9,566
Other Nonoperating Revenue (Expenses)	-	(213)	(213)	6,687
Gain (Loss) on Retirement of Capital Assets	-	-	-	7,768
Total Nonoperating Revenue (Expense)	81,191	303	81,493	24,021
Income before Contributions and Transfers	571,696	(65,666)	506,030	94,733
Contributions and Transfers				
Capital Contributions from Developers	210,059	-	210,059	-
Transfers in (out)	(341,421)	-	(341,421)	-
Total Contributions and Transfers	(131,362)	-	(131,362)	-
Change in Net Position	440,334	(65,666)	374,668	94,733
Total Net Position - January 1	14,896,834	3,879,135	18,775,969	1,127,990
Change in Accounting Principle - GASB 68	(97,926)	(878)	(98,804)	(193,679)
Total Net Position - December 31	\$ 15,239,241	\$ 3,812,591	\$ 19,051,833	\$ 1,029,044

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

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	<u>Business-type Activities</u>			<u>Governmental Activities</u>
	<u>Surface Water Management</u>	<u>Lake Wilderness Golf Course</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 1,308,911	\$ 1,096,379	\$ 2,405,290	\$ 1,307,263
Cash Paid to Suppliers for Goods and Services	(839,771)	(1,121,450)	(1,961,220)	(1,148,009)
Net Cash Flows from Operating Activities	469,140	(25,070)	444,070	159,254
Cash Flows from Non-Capital Financing Activities				
Intergovernmental Revenue	50,000	-	50,000	-
Transfers to (from) Other Funds	(341,421)	-	(341,421)	-
Net Cash Flows from Non-Capital Financing Activities	(291,421)	-	(291,421)	-
Cash Flows from Capital and Related Financing Activities				
Capital Assets Purchased for Own Use	(6,538)	-	(6,538)	(200,488)
Proceeds from the Sale of Capital Assets	-	-	-	13,689
Other Miscellaneous Capital Related Activities	-	-	-	6,687
Net Cash Flows from Capital and Related Financing Activities	(6,538)	-	(6,538)	(180,112)
Cash Flows from Investing Activities				
Purchase of Investments	-	-	-	119,828
Proceeds from Investment Maturities	449,578	9,054	458,632	6,397
Interest on Investments	31,190	303	31,492	9,566
Net Cash Flows from Investing Activities	480,768	9,356	490,124	135,791
Net Change in Cash and Cash Equivalents	651,949	(15,714)	636,235	114,933
Cash and Cash Equivalents, January 1	1,909,212	24,126	1,933,338	502,215
Cash and Cash Equivalents, December 31	\$ 2,561,161	\$ 8,412	\$ 2,569,573	\$ 617,147

The notes to the financial statements are an integral part of this statement.

**City of Maple Valley
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015**

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	<u>Business-type Activities</u>			<u>Governmental Activities</u>
	<u>Surface Water Management</u>	<u>Lake Wilderness Golf Course</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities				
Operating Income	\$ 490,505	\$ (65,969)	\$ 424,536	\$ 70,712
Adjustments to Reconcile Operating Income to Net Cash Provided:				
Depreciation Expense	39,299	70,122	109,422	112,356
Change in Receivables (net of uncollectibles)	2,401	-	2,401	(26,476)
Change in Due from Other Governments	(4,484)	-	(4,484)	-
Change in Inventory	-	(3,711)	(3,711)	-
Change in Prepaid Items	(978)	-	(978)	(24,067)
Change in Accounts Payable	(13,546)	(24,419)	(37,965)	(2,355)
Change in Payroll Payable	2,966	-	2,966	(1,943)
Change in Due to Other Governments	(43,630)	(1,244)	(44,874)	9,228
Change in Contracts Payable	-	-	-	3,015
Changes in Deposits and Deferred Revenue	-	181	181	-
Changes in Compensated Absences Payable	138	-	138	-
Change in Unearned Revenue	-	-	-	25,751
Change in Net Pension Liability	19,028	172	19,200	37,926
Changed in Deferred Outflows of Resources	(5,548)	(50)	(5,598)	(11,060)
Changed in Deferred Inflows of Resources	(17,011)	(153)	(17,164)	(33,832)
Net Cash Flows from Operating Activities	<u>\$ 469,140</u>	<u>\$ (25,070)</u>	<u>\$ 444,070</u>	<u>\$ 159,254</u>
Non Cash Investing, Capital and Financing Activities				
Capital Contributions from Developers	\$ 210,059	\$ -	\$ 210,059	\$ -
Total Non Cash Investing, Capital and Financing	<u>\$ 210,059</u>	<u>\$ -</u>	<u>\$ 210,059</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.



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Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Maple Valley is a municipal corporation that operates under the Council / Manager form of government. The City has a non-partisan elected seven-member council that chooses from among its members a Mayor and Deputy Mayor. The Council appoints a professional City Manager. The accompanying financial statements of the City of Maple Valley have been prepared in conformity with generally accepted accounting principles (GAAP). The significant accounting policies applicable to the City of Maple Valley are described below.

The City's comprehensive annual financial report (CAFR) includes all activity for which the City of Maple Valley is considered to be financially accountable. Financial accountability is determined based on budget adoption, spending authority, taxing authority, and outstanding debt secured by revenues or general obligations of the City. There are no non-reported activities meeting any of these criteria.

The Maple Valley Transportation Benefit District was formed by the City Council on November 26, 2012. The purpose of the District is to fund the maintenance, improvement and preservation of existing transportation facilities. The City of Maple Valley Council appointed itself to act as the seven-member governance board of the District. On December 20, 2015 the Maple Valley City Council voted to transfer the operations of the Transportation Benefit District to the City. The District is funded by a \$20 excise tax on all vehicles registered within the City of Maple Valley. Under contract with the Washington State Department of Licensing, the vehicle excise taxes began collection in July 2013. Separately issued financial statements through the year ended December 31, 2015 are available from the City of Maple Valley Finance Director. Separate financial statements for the Transportation Benefit District will not be issued for future years.

B. GENERAL ACCOUNTING STANDARDS

The accompanying financial statements of the City of Maple Valley have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles, which are primarily set forth in GASB's *Codification of Governmental Accounting and Financial Reporting Standards*.

Since the issuance of the *Codification*, the GASB has issued other statements that amend, clarify or provide certain specific guidance on governmental financial reporting. The City has reviewed all applicable statements through GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB No. 68*, the last statement that has a 2015 effective date, and has implemented those that apply.

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City of Maple Valley. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent, on fees and charges for support.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's surface water management and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These statements also include certain adjustments to present the information with a measurement focus and basis of accounting applicable to business-type funds. See discussion below on measurement focus and basis of accounting. The adjustments are shown in the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position, as well as the Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

The government-wide financial statement's statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes are reported as *general revenues* along with other revenues not properly included as program revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and the business-type funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Business-type funds segregate revenue and expenses into operating and non-operating categories. Operating revenue is considered to be the revenue generated from the purpose of the fund, in other words, what is paid by those who receive the service. Non-operating revenue is revenue received by other means, primarily investment earnings, but also includes intergovernmental revenue that is not received related to services rendered.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With the current financial resources measurement focus, the focus is on current assets and current liabilities and changes in financial position rather than changes in net position. Fund balance, current assets less current liabilities, measures increases (revenues and other financing sources) and decreases (expenditures and other financing uses) and is considered a measure of available spendable resources. With the modified accrual basis of

City of Maple Valley
Notes to the Financial Statements
December 31, 2015

accounting, revenues are recognized only to the extent they are measurable and available to finance expenditures of the current fiscal period with debt service expenditures not accounted for until due. Revenue received within two months of year-end, meeting the above criteria, is considered for accrual.

The following revenue accrual policies apply to primary revenue sources. Property taxes are recognized as revenues in the year for which they are levied. Sales and use taxes are recognized as revenues in the year they are collected from the consumer assuming they are paid to the collecting agent, the Washington State Department of Revenue (DOR), in time for distribution to the City by the end of February of the following year (DOR's normal practice). Utility taxes, real estate excise taxes, and gambling taxes are recognized as revenue in the year collected from the consumer assuming the collecting agent remits them to the City by the end of February. Non-tax revenue is recognized as earned.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

E. ACCOUNTING SYSTEM

The City operates its accounting system on a fund structure as prescribed by generally accepted accounting principles applicable to governmental entities. Each fund is considered a separate accounting entity. Each is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, and revenues and expenditures or expenses, as appropriate. The City's resources are allocated to and accounted for in individual funds depending on the expenditure restrictions of individual resources. The following describes the City's fund structure.

GOVERNMENTAL FUNDS

General Fund - The General Fund is the principal operating fund of the City. It accounts for the financial resources of the City that are not accounted for in any other fund. The principal sources of revenue are: property, sales, and utility taxes; licenses and permits; State-shared revenue; development and recreation charges for services; fines and forfeitures; and miscellaneous revenue that includes rental income and investment earnings. The General Fund accounts for all operating expenditures of the City except those accounted for in the business-type funds. Primary expenditures are for: general government, community development, human services, parks and recreation, public safety, and public works.

Special Revenue Funds – Special Revenue Funds account for specific revenue sources that would otherwise be accounted for in the General Fund, but for which there exist certain legal restrictions. The revenue is segregated into individual special revenue funds to ensure expenditure for a specific purpose. The City of Maple Valley has the following special revenue funds.

- **Transportation Development Fund** – to account for transportation impact fees and other funds restricted for transportation capital improvements;
- **Transportation Benefit District Fund** – to account for the receipt and disbursement and/or transfer of vehicle excise taxes collected by the Maple Valley Transportation Benefit District (TBD), a blended component unit of the City. The operations of the TBD were transferred to the City in December 2015 at which time the TBD ceased to exist;
- **Transportation Benefit Special Revenue Fund** – to account for the receipt and disbursement and/or transfer of vehicle excise taxes.
- **Park Development Fund** – to account for park impact fees and other funds restricted for park capital improvements;
- **Real Estate Excise Tax Fund** – to account for real estate excise taxes restricted for capital improvements;
- **Drug Seizure Fund** – to account for resources seized or otherwise acquired as part of enforcement of controlled substance, DUI and other public safety laws; and
- **Bond Proceeds Fund** – to account for resources received from General Obligation Bonds restricted for capital improvements.

Capital Projects Funds - Capital Projects Funds account for the financing of major capital acquisitions and construction projects other than those financed by business-type funds. Sources of revenue are typically: grants, bond proceeds, and transfers from other funds. The City maintains a single **Capital Improvement Plan Fund**. All capital expenditures not financed by business-type funds are accounted for in the Capital Improvement Plan Fund. The Capital Improvement Plan Fund provides separate accounting for each individual capital project. At year-end, completed projects and construction in progress are capitalized.

BUSINESS-TYPE FUNDS

Enterprise Funds - Enterprise funds account for activity for which a fee is charged to external users with the intent of covering all or a significant portion of expenses including depreciation. Enterprise funds are required if debt is issued that is backed solely by enterprise fund fees, or if there is a legal requirement, or policy decision to recover all direct costs. The City of Maple Valley has the following enterprise funds.

- **Surface Water Management Fund** – to account for the revenue generated by surface water management fees and their expenditure for surface water operating and capital purposes. At this time there is no outstanding debt, but a policy decision has been made to recover all direct costs.
- **Lake Wilderness Golf Course Fund** – to account for the revenue generated by golf and restaurant charges and their expenditure for Lake Wilderness Golf Course operating and capital purposes. The City acquired the golf course with cash on November 30, 2006 to save the land from development. The City has an agreement with Premier Golf Centers LLC to manage the facility through December 31, 2016.

Internal Service Funds - Internal service funds account for the financing of centralized services, performed within the City, for departments of the City. Charges to the departments cover the cost of operations and include funding for future equipment replacement or for the accumulation of reserves for unforeseen future events. In the government-wide financial statements, the transactions between these funds and other City funds are eliminated. The City of Maple Valley has the following internal service funds:

- **Vehicle Rental Fund** - to account for the operation of the City's vehicle fleet,
- **Central Services Fund** - to account for liability and property insurance, building services, office services, and information technology services; and
- **Unemployment Trust Fund** - to account for unemployment compensation payments.

F. FUND BALANCE POLICIES

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by ordinance authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action is not usually required for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. INTERNAL CONTROL SYSTEM

City management is responsible for establishing and maintaining an internal control system. The system is designed to ensure that the assets of the City are protected from loss, theft, or misuse, and that adequate accounting data is available to prepare financial statements in conformity with generally accepted accounting principles. The internal control system is designed to provide reasonable but not absolute assurance that these objectives are met. Reasonable assurance recognizes that: (1) the cost of controls should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

B. BUDGET AND SPENDING CONTROL

Budgets serve as control mechanisms for the operations of governmental units. Legal budgetary (expenditure) control in the City of Maple Valley is at the fund level, but budget and actual information are maintained at the fund, project, department, and object classification. The budget is adopted on the basis of accounting consistent with generally accepted accounting principles for each fund type.

City of Maple Valley
Notes to the Financial Statements
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The City of Maple Valley does not use encumbrance accounting. Governmental funds require expenditure budgetary control when compared to the annual budget. Unexpended budgeted amounts lapse at year-end unless specifically re-appropriated by Council action, which is only typically for capital projects. Proprietary funds require budgetary control at the revenue over (under) expenditure level, including transfers in from other funds and excluding depreciation. In 2015, the Lake Wilderness Golf Course fund exceeded the \$982,480 adopted budget by \$187,445. Due to the closure of the Elk Run Golf Course, Lake Wilderness Golf Course had an increase in revenue and expenditures related to staffing and maintenance.

State law requires that the City adopt its annual budget by December 31st of the preceding fiscal year. The first step in the budget process is the identification by the Council of its priorities for the following year. This usually occurs in the spring at a Council retreat. The second step involves the forecasting of the revenue and the establishment of a baseline budget to carry existing programs into the next year. This step includes a six-year financial forecast to ensure that budget decisions for the following year can be funded long term. The third step involves development, by the senior management staff, of detailed departmental budget requests for presentation to and discussion with the City Manager. The City Manager then develops a preliminary budget that is presented to the City Council by the first of November.

The City Council holds public hearings and reviews the preliminary budget document during November and early December. The City Council then adopts, by State law by year-end, a budget ordinance appropriating funds at the fund level for the following year. An additional budget ordinance adopted in February or March of the budget year, re-appropriates Council approved prior year unexpended budgeted amounts, usually for capital projects only, and adjusts beginning fund balances to actual previous year end amounts.

Supplemental appropriations that amend total fund expenditures require a budget amendment ordinance approved by City Council. The City prepares monthly financial reports and reviews them with the City Council on a quarterly basis. The quarterly reports include a budget amendment ordinance if City Council actions during the quarter require one. The presentation of the year-end quarterly report includes the re-appropriating budget amendment ordinance as discussed above.

NOTE 3 CASH AND INVESTMENTS

Cash and cash equivalents include petty cash, a demand deposit checking account, and overnight investment in the State of Washington Local Government Investment Pool (LGIP). *Cash equivalents* are short-term, highly liquid investments that are both 1) readily convertible to known amounts of cash and 2) near their maturity that they represent insignificant risk of changes in value because of changes in interest rates. The LGIP and a certificate of deposit are considered to be *cash equivalents*. The petty cash accounts are included in the cash and cash equivalent amount of the General Fund. The other cash and cash equivalents along with other investments are accounted for within an internal City investment pool. Each City fund has equity in the pool. The beginning and ending month end equity positions are used to allocate monthly investment earnings.

Deposits to the City's checking account include: (1) City Hall deposits for development permits and fees, utility tax payments, and miscellaneous revenue (2) Lake Wilderness Lodge deposits for recreation program charges and Lodge rental fees; (3) Lake Wilderness Golf Course deposits made directly to the City's account by the golf contractor; and (4) King County automated clearing house

City of Maple Valley
Notes to the Financial Statements
December 31, 2015

deposits made directly to the City's account for property taxes, surface water management fees, and real estate excise taxes collected by the County. State deposits are made directly to the City's investment account at the State of Washington Local Government Investment Pool (LGIP). The State deposits include amounts for sales taxes, State-shared revenues, City business license revenue, Transportation Benefit District vehicle excise taxes, and LGIP investment earnings. In addition to the automated investment deposits, the City invests its excess cash in the LGIP and government agency securities in accordance with the City's investment policy as well as State law regarding allowable investments for local governments.

The Washington State Local Government Investment Pool (LGIP), created by the Washington State Legislature in 1986, is managed and operated solely by the Office of the State Treasurer. The State Finance Committee administers the statute that created the pool and adopts appropriate rules. The State Treasurer established the LGIP Advisory Committee to provide advice on the pool's operation. The advisory committee includes 12 members selected from the active pool participants. Eight members are appointed by the participant associations, and four are appointed by the State Treasurer.

The LGIP is considered to be an extremely low risk investment. The pool is unrated by financial rating agencies. It is operated in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk. The City's position in the pool is the same as the value of the shares.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. All City deposits are insured by Federal Depository Insurance (FDIC) up to \$250,000. All deposits not covered by FDIC insurance are covered by the Washington Public Deposit Protection Commission (WPDPC) of the State of Washington.

The WPDPC is a statutory authority established under RCW chapter 39.58. It constitutes a multiple financial institution collateral arrangement that provides for additional assessments against members of the pool providing for 100% collateralization of each institution's public deposits. Provisions of RCW chapter 39.58, section 60 authorize the WPDPC to make pro-rata assessments in proportion to the maximum liability of each such depository as it existed on the date of loss.

Custodial Credit Risk – Investments. For investments, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All City securities are held for safekeeping by US Bank, as the City's agent, in the City's name.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City diversifies its investments by security type and institution. The investment policy states: "No more than 15% of the portfolio may be invested in a single security and no more than 25% of the portfolio may be invested in the securities of a single issuer" with the exception of the LGIP.

The City has other investments in addition to investments in the LGIP. Based upon the City's policy and State law, allowable investments outside the LGIP are: repurchase agreements, U.S. government obligations or agencies, banker's acceptances, commercial paper, and certificates of deposit. Though all investments are allowable, the City's investment policy provides additional security. The City has a safekeeping agreement with a third party custody bank. All investments, outside the LGIP except any certificates of deposits, are held by this independent third party in its trust department. In addition to

City of Maple Valley
Notes to the Financial Statements
December 31, 2015

addressing custodial credit risk, the City’s policy requires a portfolio that is diversified by maturity, default risk, and liquidity risk. The following summarizes these aspects of the City’s investment policy.

1. Maturity - No more than 50% of the portfolio may be invested beyond 12 months and the average maturity of the portfolio may not exceed two years.
2. Liquidity risk – At least 10% of the portfolio must be invested in overnight instruments or in marketable instruments that can be sold to raise cash on one day’s notice.

The following summarizes the City’s cash and investment activity at December 31, 2015.

	Beginning Balance	Receipts and Investments Purchased	Disbursements and Investments Sold	Ending Balance
Cash & Cash Equivalents				
Petty Cash	\$ 18,280	\$ 2,000	\$ 39	\$ 20,241
Demand Deposits	3,469,050	32,657,780	26,258,016	9,868,814
Investments (LGIP)	9,171,434	4,577,339	7,000,000	6,748,773
Total Cash & Cash Equivalents	\$ 12,658,764	\$ 37,237,119	\$ 33,258,055	\$ 16,637,828
Investments				
Certificates of Deposit	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
Other Investments (Gov. Agency)	4,371,794	-	2,029,241	2,342,553
Total Investments	\$ 5,371,794	\$ -	\$ 3,029,241	\$ 2,342,553

All investments, except certificates of deposit insured by the PDPC, are delivered to the City’s custody bank and payment is not released until the investments are received. The custody bank holds the investment and remits interest payments to the City. The government agency securities are AAA rated investments. The following table shows the investments held by the custody bank at year-end. They are shown both at cost and at fair value.

	Amortized Cost	Fair Market Value
Other Investments		
U.S. Government Securities	\$ 2,111,908	\$ 2,342,553

NOTE 4 RECEIVABLES AND OTHER SHORT-TERM ASSETS

Receivable and other short-term asset amounts at year-end totaled \$2,173,657, up \$756,249 from the prior year amount of \$1,417,408. The increase is related to a substantial increase in due from other governments in 2015. The following table summarizes the year-end receivables and short-term assets and compares the amounts to the prior year. All receivables are listed as net of allowances for uncollectible amounts, but no amounts are considered uncollectible.

**City of Maple Valley
Notes to the Financial Statements
December 31, 2015**

City of Maple Valley's Receivables and Other Short Term Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Receivables (net of uncollectibles)						
Taxes	\$ 1,047,358	\$ 898,136	\$ -	\$ -	\$ 1,047,358	\$ 898,136
Accounts	162,995	77,764	77,561	79,962	240,555	157,726
Accrued Interest	67,826	54,647	-	-	67,826	54,647
Due from Other Gov'ts	695,446	192,200	4,714	230	700,160	192,430
Inventory	-	-	60,501	56,790	60,501	56,790
Prepaid Items	55,453	56,855	1,804	826	57,257	57,681
Total Receivables & Short-term Assets	\$ 2,029,078	\$ 1,279,600	\$ 144,580	\$ 137,807	\$ 2,173,657	\$ 1,417,408

The taxes receivable amount of \$1,047,358 is categorized as follows: property taxes, \$55,479; sales taxes, \$576,633; utility taxes, \$305,899; gambling taxes, \$23,811; and franchise fees \$85,536. The property taxes are billed and collected by King County and remitted to the City daily as collected. Of the property taxes receivable amount, 69.9% is from 2015 delinquencies, with 30.1% from prior year delinquencies. If amounts are not collected in seven years, properties are sold to pay the taxes. For the other taxes receivable, amounts are actual collections through the first two months of 2016.

Of the accounts receivable amount of \$240,555, 67.76% was in governmental activities for receivables from individuals, businesses, and developers and 32.24% or \$77,561 was in business-type activities which is for surface water management fees. The accounts receivable in governmental activities were \$59,640 in overspent developer deposits, \$48,535 due from others for items such as the joint utility trench on Witte Road, \$22,115 was for refunds and credits from vendors and \$32,705 was for a settlement receivable. The City establishes deposit accounts for developer projects. When charges exceed the deposit amounts, the developers are billed. If developer receivables are not collected, the developer projects are put on hold. In business-type activities, surface water management fee receivables are billed by King County with the property tax billing and are usually highly collectible.

The due from other governments amount of \$700,160 is categorized as follows: from the State of Washington, \$218,078; from King County, \$439,020; from the City of Kent, \$21,551, from the City of Enumclaw, \$1,181, and from other governments, \$20,330.

Of the amount due from the State of Washington, \$27,938 is for vehicle excise taxes collected by the State in December 2015 and remitted to the City in January 2016, \$5,551 is proceeds received in January 2016 for the 2015 surplus of the 2001 GMC Sonoma pickup truck \$184,589 is for State grant reimbursements for 2015 expenditures.

Of the amount due from King County, \$354,860 is for real estate excise taxes, collected by the County in December 2015 and remitted to the City in January 2016. \$4,714 is due from King County for surface water management fees collected by them but not yet remitted to the City. \$1,768 is due from King County for 2015 property taxes paid in 2015 but remitted to the City in January of 2016. Also due from King County is a \$77,678 reconciliation amount based on a reconciliation process on the King County Sheriff's contract. The King County Sheriff's contract is billed to the City monthly based on the budget. After year-end closing, the Sheriff's office prepares a reconciliation of budget to actual for certain accounts and adjusts the first billing of the current year based on the results of the reconciliation of the prior year.

City of Maple Valley
Notes to the Financial Statements
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The amounts due from the City of Kent and City of Enumclaw relate to court revenue collected by them but not yet remitted to the City.

Of the \$20,330 due from other governments, \$7,744 is due from the City of Covington and \$12,225 is due from the City of Black Diamond for inspection services completed in 2015 under the interlocal agreement, but not yet remitted to the City. The remaining balance of \$361 is from the Internal Revenue Service for a refund associated with the overpayment of payroll benefits in 2015.

Effective October 1, 2014, the City entered into a lease agreement with Recology CleanScapes, Inc. (Recology) to lease approximately 3,000 square feet of property at the City’s Public Works maintenance facility to Recology for the storage of garbage containers, totes and other related supplies and equipment. Recology pays the City \$450 per month under the lease, which is subject to annual CPI adjustments that began January 1, 2016. The annual CPI adjustment is for the Seattle area for the month of August, subject to a 1% floor and 4% ceiling. The lease term is through September 30, 2018, with an option to extend for an additional three year term. Either party can terminate the lease with a thirty-day notice to the other party.

In business-type activities, the inventory amount of \$60,501 is for pro shop merchandise and food and beverage inventory at the Lake Wilderness Golf Course. A physical inventory is taken at year end with expenditures adjusted to reflect the change in inventory from the preceding year. Inventory is valued at actual cost, based on invoice price to purchase the items in inventory. The prepaid items of \$57,257 relate to 2016 costs required to be paid prior to the end of 2015; predominately printing of the recreation guide, membership for the Economic Development Council, and software maintenance and support for Trakt.

NOTE 5 INTERFUND ACTIVITY

For the most part, the City only utilizes interfund receivables or payables when required to fund a project pending receipt of grant funds. For 2015, the City had one year-end interfund loan from the Transportation Development Fund to the Capital Improvement Plan Fund in the amount of \$162,000. Other interfund activity is done on a cash basis. The Internal Service Funds are funded with month end cash receipts from the departments to which they provide service. These charges are recorded as expenditures to the fund and department receiving the service and as revenue in the Internal Service Funds with amounts eliminated in the government-wide financial statements.

The following table shows 2015 interfund transfers, excluding interfund loans and Internal Service Fund activity:

	Transfers	
	In	Out
General Fund	\$ 61,956	\$ 302,488
Transportation Development Fund	-	1,024,646
Park Development Fund	-	424,087
Real Estate Excise Tax Fund	-	943,924
Transportation Benefit District Fund	-	196,317
Bond Proceeds Fund	-	2,284
Capital Improvement Plan Fund	3,173,211	-
Surface Water Management Fund	-	341,422
	<u>\$ 3,235,167</u>	<u>\$ 3,235,167</u>

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The General Fund received transfer-in from the Surface Water Management Fund of \$61,956 to fund lake management expenditures in the General Fund.

The Capital Improvement Plan Fund received transfers of \$3,173,211 as funds were budgeted and expended for capital projects: from the General Fund, \$302,488; from the Transportation Development Fund, \$1,024,646; from the Park Development Fund, \$424,087; from the Real Estate Excise Tax Fund, \$943,924; from the Transportation Benefit District, \$196,317, from the Bond Proceeds Fund, \$2,284 and from the Surface Water Management Fund, \$341,422.

NOTE 6 CAPITAL ASSETS

The capital assets include land, buildings, improvements other than buildings, machinery and equipment, and construction in progress. Infrastructure assets (roads and related improvements), including both those constructed since January 1, 2000 at actual cost and those constructed before January 1, 2000 at estimated costs, are included on the face of the financial statements in improvements other than buildings.

The City defines capital assets as items of a capital nature with a useful life of more than one year and a cost of more than \$5,000. If purchased or constructed, such capital assets are recorded at cost. Contributed capital assets are recorded at estimated fair market value at the time of acquisition. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as construction in progress until the projects are completed. The table that follows summarizes the City's capital asset activity during 2015.

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Capital Assets

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Governmental Activities					
Capital Assets not being depreciated					
Land	\$ 212,355,057	\$ 101,996	\$ -	\$ -	\$ 212,457,053
Intangibles-Easement	314,018	-	-	-	314,018
Construction in Progress	3,930,934	3,319,557	(5,588,919)	-	1,661,572
Total	216,600,009	3,421,553	(5,588,919)	-	214,432,643
Capital Assets being depreciated					
Buildings	10,402,376	-	-	-	10,402,376
Improvements Other Than Buildings	268,795,326	129,194	3,454,896	-	272,379,416
Machinery & Equipment	179,038	57,826	-	-	236,864
Machinery & Equipment (IS Funds)	1,019,009	86,390	-	(35,598)	1,069,801
Intangibles-Field Rights	-	-	2,000,000	-	2,000,000
Intangibles (IS Funds)	257,935	5,987	134,023	-	397,945
Total	280,653,684	279,397	5,588,919	(35,598)	286,486,402
Accumulated Depreciation					
Buildings	(2,145,682)	(260,451)	-	-	(2,406,133)
Improvements Other Than Buildings	(124,071,963)	(8,515,059)	-	-	(132,587,022)
Machinery & Equipment	(121,370)	(17,673)	-	-	(139,043)
Machinery & Equipment (IS Funds)	(683,498)	(89,267)	-	29,677	(743,088)
Intangibles (IS Funds)	(169,809)	(23,090)	-	-	(192,899)
Total	(127,192,323)	(8,905,539)	-	29,677	(136,068,185)
Net Capital Assets being depreciated	153,461,361	(8,626,143)	5,588,919	(5,921)	150,418,219
Governmental Activities, Net Capital Assets	\$ 370,061,370	\$ (5,204,590)	\$ -	\$ (5,921)	\$ 364,850,861
Business-type Activities					
Capital Assets not being depreciated					
Land	\$ 13,689,066	\$ 210,060	\$ -	\$ -	\$ 13,899,126
Total	13,689,066	210,060	-	-	13,899,126
Capital Assets being depreciated					
Buildings	1,058,245	-	-	-	1,058,245
Improvements Other Than Buildings	2,142,356	-	-	-	2,142,356
Machinery & Equipment	234,822	-	-	-	234,822
Intangibles	-	6,538	-	-	6,538
Total	3,435,423	6,538	-	-	3,441,961
Accumulated Depreciation					
Buildings	(212,417)	(27,687)	-	-	(240,104)
Improvements Other Than Buildings	(636,333)	(71,938)	-	-	(708,271)
Machinery & Equipment	(211,840)	(9,797)	-	-	(221,637)
Total	(1,060,590)	(109,422)	-	-	(1,170,012)
Net Capital Assets being depreciated	2,374,834	(102,884)	-	-	2,271,950
Business-type, Net Capital Assets	16,063,900	107,176	-	-	16,171,075
Grand Total	\$ 386,125,270	\$ (5,097,413)	\$ -	\$ (5,921)	\$ 381,021,936

In 2015 the City had a net capital asset decrease of \$5,103,335. The amount reflects the fact that capital asset additions of \$3,917,547 are offset by increases in accumulated depreciation of \$9,014,961. The remaining difference is due to the retirement of assets that were not fully depreciated, \$5,921.

The net additions to land and improvements other than buildings represent developer contributions from Terrace at Maple Woods and 236th Ave SE, as well as a drainage facilities turned over to the City with the expiration of the two year maintenance bond for the development.

The additions to construction in progress totaled \$3,319,557 for ten capital projects and two software projects that the City made expenditures on in 2015. The three significant projects were the Witte Rd-SR169 to SE 240th, Lake Wilderness Dock, and Lake Wilderness Parking Lot. In 2015, an additional

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\$40,100 was spent of the \$48,000 budget for the T28b-Witte Road SE 254th Place to SE 256th Place project, this project is expected to be completed in 2017. Also in 2015, an additional \$62,254 of a \$1,840,000 project budget was spent on the T38-216th Ave SE-SR516 to South City limits project that is expected to be completed in 2016. Other construction in progress expenditures were primarily for Witte Road projects and T33a-SE 276th-240th SE to SR169 project which is scheduled for construction within the next two years. The City also completed the implementation of the TRAKiT software GIS module and implementation of new Finance software, Incode.

The Ravensdale Park Phase II valued at \$2,000,000 was transferred from Construction in Progress to intangibles. During 2015, the City, through a partnership with King County, has commenced a multi-phase project to improve, develop and rehabilitate Ravensdale Park and its related open space, trails, and recreation and community facilities in order to provide enhanced park and recreational facilities for public use. The City issued general obligation bonds to cover the financial cost of improving the park and facilities. For partnering with King County, the City receives up to 1,000 prime hours at Ravensdale Park for Parks & Recreation programs each year for the next ten years.

Machinery and equipment additions in governmental funds totaled \$144,216. \$57,826 was added from General Fund purchases and \$86,390 from the Internal Service Funds. The purchases included: Utility vehicle, mower, 2015 Ford F250, 2015 Maxey dump trailer, two VM Host Servers, and 2016 Ford Escape. There were no additions to machinery and equipment in the business-type funds.

Retirements include two back-up tape systems, a riding mower, and a 2001 GMC Sonoma pick-up truck.

Software valued at \$134,023 was transferred from work in progress to intangible assets.

Capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated lives:

<u>Capital Asset Types</u>	<u>Lives in Years</u>
Buildings	
Buildings	40
Building Improvements	10
Improvements Other Than Buildings	
Leasehold Improvements	7-10
Infrastructure Improvements	25-30
Other Improvements	10-30
Machinery and Equipment	
Information Technology Equipment	5
Telephones	5-7
Vehicles	7
Furniture	15
Heavy Duty Equipment	7-20

The actual useful life used will vary according to the above parameters depending on the type and use of the equipment.

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The depreciation of general capital assets used in the operation of governmental funds reduces the capital asset balances and is shown as an expense by program on the Statement of Activities. The depreciation associated with the capital assets of the proprietary funds is shown on financial statements of the respective proprietary funds. Depreciation is not recognized until the year following the purchase of the asset. The following table shows the amount of depreciation charged to each governmental function.

	Governmental Funds	Internal Service Funds	Total
General Government	\$ 7,668	\$ 34,028	\$ 41,696
Community Development	-	3	3
Parks & Recreation	283,814	13,741	297,555
Public Safety	3,766	11,748	15,514
Public Works	8,497,934	52,837	8,550,771
	<u>\$ 8,793,182</u>	<u>\$ 112,357</u>	<u>8,905,539</u>
Proprietary Fund Depreciation			<u>109,422</u>
Total Depreciation			<u>\$ 9,014,961</u>

NOTE 7 PAYABLES AND OTHER SHORT-TERM LIABILITIES

Payables and other short-term liabilities at year-end totaled \$1,783,485, up \$215,963 from the prior year amount of \$1,567,522. The majority of the increase is in accounts payable related to deposits and unearned revenue as discussed below. The following table summarizes the year-end payables and short-term liabilities and compares the amounts to the prior year.

City of Maple Valley's Payables and Other Short Term Liabilities

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Accounts Payable	\$ 233,108	\$ 311,123	\$ 48,050	\$ 86,016	\$ 281,158	\$ 397,139
Payroll Payable	121,577	135,822	6,479	3,513	128,056	139,335
Due to Other Gov'ts	273,663	168,868	15,585	60,459	289,248	229,327
Deposits and Unearned Revenue	900,445	623,469	28,848	28,666	929,293	652,135
Compensated Absences	141,831	131,332	981	843	142,812	132,174
Accrued Interest Payable	12,918	17,412	-	-	12,918	17,412
Total Payables & Short-term Liabilities	<u>\$ 1,683,542</u>	<u>\$ 1,388,026</u>	<u>\$ 99,942</u>	<u>\$ 179,496</u>	<u>\$ 1,783,485</u>	<u>\$ 1,567,522</u>

The accounts payable balance of \$281,158 is primarily related to various expenditures in the General Fund where the work was performed or goods delivered prior to yearend but payment was not made until early the following year. The expense for these items is included in 2015 with a corresponding accounts payable accrual. The payroll payable balance of \$128,056 is related to the accrued liability for salaries and wages earned in 2015 but not paid until 2016. The due to other government's balance of \$289,248 is primarily due to payables at year-end for the court and jail as well as amounts due to King County, the State Treasurer, the Tahoma School District, and others at year-end.

The deposits and unearned revenue increase of \$277,158 is predominately related to developer deposits received in 2015 for new residential developments and the Tahoma High School project. At

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year-end the account category totaled \$929,293 in the following components: unearned revenue from developers of \$242,959; developer deposits of \$543,401; lease deposit for Recology CleanScapes \$450; fireworks stand deposits of \$500; Lake Wilderness Lodge deposits and unearned revenue, \$68,838; cable television franchise fees of \$10,000; Lake Management District fees, \$82; internal services prepaids, \$1,510; Crosson judgement of \$32,705; and Lake Wilderness Golf Course deposits and unearned revenue, \$28,848. The Crosson judgement relates to City incurred costs for repair of a right-of-way abatement. The City has placed a lien on the property and is pursuing collection efforts against the homeowner. Unearned revenue from developers totaling \$242,959 is for amounts collected from developers for their portion of the cost of future transportation improvement projects.

The developer deposits are collected from applicants at the beginning of a development project. The amount increased \$280,472 from the 2014 amount of \$262,929 to \$543,401 with the addition of several development projects with deposits for construction inspections. The amount of the developer deposit depends on the type of development and is based on the anticipated cost of project review. The City tracks staff time and consultant costs against the deposit amounts. Deposits that are overdrawn are billed. At year-end, overdrawn deposits are reclassified to accounts receivables as described in Note 4. The non-receivable amounts remain in the deposit account until all charges have occurred and the project is complete at which time the remaining balance is refunded.

Unearned revenue for the Lake Wilderness Lodge is for rental deposits collected in 2015 for events to be held in 2016 or later. Unearned revenue for the Lake Wilderness Golf Course is for memberships, \$6,392; tournament and banquet deposits, \$10,657; and gift cards, \$11,799.

With respect to compensated absences, the City's policy allows employees to accumulate vacation leave to an amount up to the number of hours they can earn in one year and sick leave with no maximum. At year-end vacation and compensatory time hours plus sick leave hours, calculated at 25% and at the likelihood of being paid off at retirement from the State retirement system, are valued at the individual employee's year-end wage rate. The compensated absences payable amount is adjusted at year-end for any change in the amount of the liability and is only reported in governmental funds if they have matured. The vacation and compensatory time portion of the liability is \$122,561 and is assumed to be due within one year since the maximum vacation year-end balance is a one year accrual and the maximum amount of compensatory time is 40 hours. The sick leave pay out portion of the liability is \$11,345. The City also accrues the cost of benefits for accumulated compensated absences. The benefit accrual was \$8,906 in 2015. In prior years the liability has been liquidated by the General Fund and that is the intent in future years.

The accrued interest payable amount represents the interest due from December 1, 2015 to December 31, 2015 on the City's general obligation bonds, \$8,764 and the interest due from July 1, 2015 to December 31, 2015 on the City's contracts and loans payable, \$4,154.

NOTE 8 LONG-TERM LIABILITIES

Long-term liabilities at year-end totaled \$7,859,907, a \$1,663,697 increase from the 2014 balance of \$6,196,210. All of the City's long term debt is associated with the governmental activities, but beginning in 2015 the City is reporting its proportionate share of the Public Employees' Retirement System's (PERS) Net Pension Liability as a long-term liability in both the governmental activities and business type activities. The following is a comparative table summarizing long-term liability amounts for the current and prior year.

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	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2015	2014	2015	2014	2015	2014
Contracts & Loans - Current	\$ 184,621	\$ 184,621	\$ -	\$ -	\$ 184,621	\$ 184,621
General Obligation Bonds - Current	590,000	585,000	-	-	590,000	585,000
Contracts & Loans Payable	1,476,968	1,661,589	-	-	1,476,968	1,661,589
GO Bonds Payable	3,215,535	3,765,000	-	-	3,215,535	3,765,000
Total Long-term Liabilities	5,467,123	6,196,210	-	-	5,467,123	6,196,210
Net Pension Liability	2,301,900	-	90,884	-	2,392,784	-
Total Long-term Liabilities	\$ 7,769,023	\$ 6,196,210	\$ 90,884	\$ -	\$ 7,859,907	\$ 6,196,210

On April 21, 2005, the City issued \$4,815,000 of general obligation refunding bonds to refund the callable portion of its 2000 general obligation bonds, bonds maturing in years 2011 through 2020. The refunding proceeds were placed in escrow and were used to completely retire the 2000 bonds on December 1, 2010. The refunding bonds have coupon rates from 3.00% to 4.25%. At the time of the refunding the outstanding general obligation bonded debt was increased by \$500,000 from \$5,995,000 to \$6,495,000, but the refunding provided a debt service savings of \$283,776 with a net present value of \$218,372 or 5.1%. These bonds were refunded on April 30, 2015.

On March 31, 2014, the City issued limited tax general obligation bonds totaling \$1,530,000 with a coupon rate of 2.3%. Interest payments will be made on June 1 and December 1 of each year, and principal payments annually on December 1, until final maturity of the bonds on December 1, 2023. Annual debt service costs after the initial partial year will be approximately \$180,000. The bonds were issued so the City could enter into a \$2,000,000 interlocal agreement with King County Department of Natural Resources and Parks, Parks and Recreation Division to contribute funds towards the design, development, and construction of two synthetic multiuse athletic fields at King County’s Ravensdale Park. All bond proceeds were spent by December 31, 2014.

On March 23, 2015 the City of Maple Valley City Council authorized the refunding of the outstanding 2005 Refunding Bonds and to pay debt issuance costs via Ordinance No. O-15-573. The bond sale closed on April 30, 2015. The \$2,835,000 principal amount 2015 Limited Tax General Obligation Refunding Bonds were issued with a coupon rate of 3% through 2019 and 4% in 2020, the final year repayment. The True Interest Cost of the bonds, including debt issuance costs, is 1.39%. The bonds were sold with an \$187,980 premium. The result of the bond sale is a net present value savings of \$221,451 for debt service payments in 2015 through 2020. The refunding resulted in a deferred outflow of \$107,980 offset by current year amortization of \$12,893 resulting in a year-end balance of \$95,087.

In addition to bonded debt, the City had State infrastructure loans payable of \$1,661,589 at December 31, 2015. State infrastructure loans outstanding are for two projects: the SR 169 – SR 516 to SE 264th Street project and the SR 516 – 228th Avenue to Witte Road project. The City began borrowing funds for both projects in 2005. The final borrowing was done in 2008. Final interest rate on the loans was determined in 2009. Because the City had a 15% match, it qualified for the lowest interest rate, 0.5%.

The following shows the changes in long-term liabilities and the amount due within one year.

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
State Infrastructure Loan	\$ 1,846,210	\$ -	\$ 184,621	\$ 1,661,589	\$ 184,621
GO Bonds	4,350,000	3,022,980	3,567,445	3,805,535	590,000
Total Long-term Debt	\$ 6,196,210	\$ 3,022,980	\$ 3,752,066	\$ 5,467,123	\$ 774,621

Total long-term debt of \$5,467,123 includes the principal amount of \$5,301,589 and the unamortized premium of \$165,534. The remaining debt service schedule to maturity for the general obligation loans and bonds is shown in the table below.

Year	2014 Councilmanic GO Bonds			2015 Refunding GO Bonds		
	Principal	Interest	Balance	Principal	Interest	Balance
2016	\$ 150,000	\$ 29,670	\$ 1,140,000	\$ 440,000	\$ 75,500	\$ 1,910,000
2017	150,000	26,220	990,000	455,000	62,300	1,455,000
2018	155,000	22,770	835,000	470,000	48,650	985,000
2019	160,000	19,205	675,000	485,000	34,550	500,000
2020	165,000	15,525	510,000	500,000	20,000	-
2021-25	510,000	23,690	-	-	-	-
	\$ 1,290,000	\$ 137,080	\$ -	\$ 2,350,000	\$ 241,000	\$ -

Year	2005 Loan - SR 516 - Witte to 228th			2005 Loan - SR 169 - SR 516 to 264th		
	Principal	Interest	Balance	Principal	Interest	Balance
2016	\$ 75,356	\$ 3,391	\$ 602,846	\$ 109,265	\$ 4,917	\$ 874,122
2017	75,356	3,014	527,490	109,265	4,371	764,856
2018	75,356	2,637	452,135	109,265	3,824	655,591
2019	75,356	2,261	376,779	109,265	3,278	546,326
2020	75,356	1,884	301,423	109,265	2,732	437,061
2021-25	301,423	3,768	-	437,061	5,463	-
	\$ 678,202	\$ 16,955	\$ -	\$ 983,387	\$ 24,585	\$ -

Total debt service for these four debt instruments is illustrated below:

Year	Governmental Activities			Total
	Principal	Interest		
2016	\$ 774,621	\$ 113,478	\$ 888,099	
2017	789,621	95,905	885,526	
2018	809,621	77,882	887,503	
2019	829,621	59,294	888,915	
2020	849,621	40,141	889,761	
2021-25	1,248,484	32,921	1,281,405	
Total	\$ 5,301,589	\$ 419,620	\$ 5,721,209	

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On August 25, 2014, and again on April 10, 2015, the dates of the last credit ratings for the City, Standard and Poor's Rating Services confirmed the AA+ underlying rating on these bonds.

The City's Net Pension Liability of \$2,392,784 is calculated and reported in accordance with GASB Statement No. 68 and is the City's proportionate share of the PERS Net Pension Liability measured as of June 30, 2015. The total liability is made up of \$2,301,900 or 96.2% in governmental activities and \$90,884 or 3.8% in business-type activities. More information on the Net Pension Liability its calculation is included in Note 11.

In addition to the above debt, the City has other potential long term liabilities related to a non-cancelable operating lease for City Hall. The City's lease for City Hall expires December 31, 2019. For the year-ended December 31, 2015, the City expended \$345,066 for its office space lease up from the prior year amount of \$342,030. With respect to the City Hall lease, annual expenditures will increase at 2% a year plus or minus adjustments in the common area maintenance charges through December 31, 2019. The future minimum lease payments are as follows:

City Hall Lease	
Minimum	
Year	Lease Payment
2016	\$ 347,896
2017	353,084
2018	358,376
2019	363,772
Total	\$ 1,423,129

The above amounts assume the current level of charges for common area maintenance of \$7,588.74 per month.

NOTE 9 NET POSITION

The difference between fund assets and liabilities is "net position" on the government-wide and proprietary fund statements, and is "fund balance" on the governmental fund statements.

The fund balance amounts for governmental funds have been classified in accordance with GASB Statement No. 54. As a result, are reported as non-spendable, restricted, committed, assigned, or unassigned.

- Non-spendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.
- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the City Council, the City's highest level of decision-making

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authority. This formal action is the passage of an ordinance by City Council creating, modifying, or rescinding an appropriation.

- Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. The City Council may assign fund balance by express action through an Ordinance or Resolution, or the Finance Director may with delegated authority from the City Council through a budget Ordinance.
- Unassigned fund balance is the residual amount of the general fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

Each fund has been analyzed to classify the fund balance in accordance with GASB Statement No. 54. Funds are created by the City Council and money is authorized to be transferred to the fund for a particular purpose. At this point, balances in these funds are at least committed, and may be further restricted depending on whether there is an external party, constitutional provision, or enabling legislation constraint involved. When both restricted and unrestricted funding sources are available, the City considers the restricted revenue sources to be used first before unrestricted revenue.

The appropriated balance in the general fund is assigned, and the remaining balance is unassigned. All other governmental funds are presented as restricted or committed. Appropriations specify the funding source, and therefore the order in which restricted, committed, assigned, or unassigned fund balance gets spent.

The General Fund's fund balance is predominantly unassigned. The exceptions are for a non-spendable amount of \$53,944 for prepaid expenses, predominately printing of the recreation guide, membership for the Economic Development Council, and software maintenance and support for TrakiT permitting software; an amount assigned for the appropriation of fund balance for the subsequent year of \$817,293; and an assignment of \$299,975 per Ordinance O-15-575 whereby City Council voted that this amount would be used to offset future declines in residential permitting revenue. The City has a policy requiring a fund balance of at least 16.7% of operating expenditures. At December 31, 2015, General Fund's assigned and unassigned fund balance was 41% of 2015 General Fund expenditures.

The Special Revenue Funds are restricted by State legislation which requires the segregation of resources for specific purposes. When these funds are combined and consolidated to produce the basic financial statements, the segregations are maintained by restricting the fund equities.

- Unspent Transportation Development funds are transportation impact fees and contributions from developers restricted for street capital purposes;
- Unspent Park Development funds are park impact fees, special property tax levies, and contributions from developers restricted for open space and park capital purposes;
- Unspent Real Estate Excise Tax funds are real estate excise taxes restricted for capital purposes;
- Unspent Transportation Benefit funds are vehicle excise tax fees restricted for transportation infrastructure;
- Unspent Drug Seizure funds are required by State law to be separately accounted for and used exclusively for controlled substance law enforcement, DUI enforcement, etc.; and
- The remaining balance in the Capital Improvement Plan fund is committed by City Council for public art purposes.

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The net position on the proprietary fund financial statements is divided into two categories:

1. Net investment in capital assets less associated debt;
2. Unrestricted for funds that can be spent for any purpose for which the fund was established.

Proprietary Funds are restricted for the purposes designated in the establishment of the funds, but are unrestricted within the fund.

- Unspent Surface Water Management funds are to be used for surface water management operating and capital purposes.
- Unspent Lake Wilderness Golf Course funds are to be used for golf operating and capital purposes.
- Unspent Vehicle Rental and Central Service funds are to be used for vehicle and equipment replacement.
- Unspent Unemployment Trust funds are to be used for unemployment compensation payments.

NOTE 10 PROPERTY TAXES

On an annual basis before December 31st, the City Council establishes the property tax levy amount for the following calendar year. The maximum allowable levy is established by increasing the highest levy of the last three years by no more than the lesser of 1% or the rate of inflation as measured by the implicit price deflator (IPD) as of September of each year, adding the value of new construction at the prior year's levy rate, and adding any unused banked capacity created by not levying the maximum amount in previous years. At the present time the City has no unused banked capacity. Once the levy amount is determined, it is divided by the assessed value to determine a levy rate. The levy rate must be below the maximum regular property tax levy rate as established by State law, except that levies approved by the voters can exceed the maximum regular property tax levy.

For all cities in Washington, the maximum regular property tax levy rate is \$3.60 per thousand dollars of assessed value. This maximum amount is not entirely available to the City of Maple Valley as it has separate fire or library districts serving its residents. At incorporation, the citizens of Maple Valley voted to annex to both Fire District No. 43 and the King County Library District, with maximum regular property tax levy rates of \$1.50 and \$.50, respectively. For 2015, the City's maximum levy rate was \$1.60 per thousand dollars of assessed valuation (\$3.60 per thousand dollars of assessed valuation, less the fire district operating levy (\$1.50) and library district operating levy (\$.50)). As noted below though, the City only levied \$1.25 per thousand dollars of assessed valuation.

The King County Assessor establishes the property values at 100 percent of the fair market value and consolidates property tax levy rates for all overlapping taxing districts. All property is revalued on an annual basis, once every five years by a site visit; and all other years by statistical modeling. Tax rates are applied to the prior year property value including the value of new construction as of July 31st. Taxes are levied annually on January 1st and become a lien on the property on that day.

Tax bills are mailed on February 14th and are due on April 30th. Payments may be made in two equal installments by April 30th and October 31st, but if the first half is not paid by April 30th, the full amount becomes delinquent with penalties and interest being applied. Payments are made to the County

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Treasurer who segregates collections by taxing district for distribution to taxing districts by automated clearinghouse within a few days of receipt.

For 2015 property taxes, the City’s final revised levy was \$3,526,625 up \$106,905 or 3.1% from the 2014 revised levy of \$3,419,720. The levy amount produced a City levy rate of \$1.25 per thousand dollars of assessed valuation, down from \$1.47 the previous year. Of the revised levy amount for 2015, only \$55,479 or 1.6% remained outstanding at December 31, 2015. Of that \$55,479, the outstanding amount for all prior year levies totals is \$16,714. These outstanding amounts become property liens. If not collected within seven years, the property is sold to pay the taxes. This and other property tax data is shown in the Statistical Section of the financial statements.

NOTE 11 EMPLOYEE BENEFITS

A. VACATION AND SICK LEAVE BENEFITS

Eligible employees, depending on years of service, earn up to 168 of vacation leave and 96 hours of sick leave annually. Vacation leave can be accumulated to a maximum of one year’s accrual and used after a six-month trial service period. Sick leave can be accumulated in an unlimited amount but is only paid off at retirement from the State of Washington Public Employees’ Retirement System (PERS) at 25% of its value. The accrual for unpaid vacation, compensated time off, and sick leave at December 31, 2015 is \$142,812, up from the 2014 amount of \$132,174. Of the total \$142,812, \$11,345 is the estimated value of the sick leave liability based on the likelihood of employees retiring from PERS within the next 10 years.

B. RETIREMENT BENEFITS

The City retirement program includes: the Medicare portion of Social Security, a 401(a) Substitute Social Security Plan, a State of Washington administered Public Employees’ Retirement System (PERS), and a non-City contributory 457 plan. These retirement benefits are based on payroll dollars. The payroll dollars for the last three years are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Payroll	\$ 3,329,629	\$ 3,211,756	\$ 3,175,329
PERS Payroll	2,827,760	2,779,923	2,651,133

The total payroll exceeds the PERS payroll by the payroll for temporary employees who do not qualify for participation in PERS. The required and paid employer contributions to these retirement benefit programs for the last three years are as follows:

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	2015	2014	2013
Medicare portion of Social Security			
Employer Contributions	\$ 46,261	\$ 45,635	\$ 45,219
Employee Contributions	46,261	45,635	45,219
Total Medicare contributions	92,522	91,270	90,438
Substitute Social Security Plan (401(a))			
Employer Contributions	185,359	181,472	176,799
Employee Contributions	201,580	199,129	196,208
Total 401(a) contributions	386,939	380,601	373,007
Public Employees Retirement System (PERS)			
Employer Contributions	278,081	251,200	217,285
Employee Contributions	153,857	145,035	131,280
Total PERS contributions	431,938	396,235	348,565
Total Contributions	\$ 911,399	\$ 868,106	\$ 812,010
Total Employer Contributions	\$ 509,701	\$ 478,307	\$ 439,303
Total Employee Contributions	401,698	389,799	372,707
Total Contributions	\$ 911,399	\$ 868,106	\$ 812,010

(1) 401(a) Plan

The 401(a) plan is social security replacement plan that defers federal income tax on employee contributions and allows employees to choose from a number of investment options for both their contributions and the employer's contributions. The 401(a) plan is a defined contribution plan. Contributions into the plan are 5.2% of payroll for the employer and 6.2% of payroll for the employee. The plan is administered by the International City/County Management Association Retirement Corporation (ICMA-RC), which also administers the City's 457 plan. With some exceptions based on age, employees become vested in the employer portion of the plan at 20% per year on their hiring date anniversary.

(2) PERS Plans

The following tables represent the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2015:

Aggregate Pension Amounts - All Plans	
Net Pension Liability	\$ 2,392,784
Deferred Outflows of Resources	\$ 263,465
Deferred Inflows of Resources	\$ 372,028
Pension Expense	\$ 182,932

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<u>Reconciliation of Contributions to Pension Expense</u>	
Annual Contributions	\$ 278,081
Adjustments to Pension Expense:	
Governmental Funds	(84,621)
Internal Service Funds	(6,966)
Enterprise Funds	(3,562)
Pension Expense	<u><u>\$ 182,932</u></u>

State Sponsored Pension Plans

Substantially all City of Maple Valley full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
 Communications Unit
 P.O. Box 48380
 Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

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Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1		
Actual Contributions Rates:	Employer	Employee *
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

The City of Maple Valley’s actual contributions to the plan for the last three years are as follows:

	2015	2014	2013
PERS 1	\$ 8,014	\$ 12,836	\$ 10,494

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice

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of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 2/3		
Actual Contributions Rates:	Employer	Employee *
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3	N/A	Varies

The City of Maple Valley’s actual contributions to the plan for the last three years are as follows:

Plan	2015	2014	2013
PERS 2	\$ 249,832	\$ 226,558	\$ 201,881
PERS 3	20,236	11,806	4,909
Total	\$ 270,067	\$ 238,364	\$ 206,790

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report’s Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are

applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

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Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20.00%	1.70%
Tangible Assets	5.00%	4.40%
Real Estate	15.00%	5.80%
Global Equity	37.00%	6.60%
Private Equity	23.00%	9.60%
	100.00%	

Sensitivity of NPL

The table below presents the City of Maple Valley’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City of Maple Valley’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

Plan	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 1,631,781	\$ 1,340,269	\$ 1,089,595
PERS 2/3	3,077,610	1,052,515	(498,023)
Total	\$ 4,709,391	\$ 2,392,784	\$ 591,572

Pension Plan Fiduciary Net Position

Detailed information about the State’s pension plans’ fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City of Maple Valley reported a total pension liability of \$2,392,784 for its proportionate share of the net pension liabilities as follows:

Plan	Liability
PERS 1	\$ 1,340,269
PERS 2/3	1,052,515
Total	\$ 2,392,784

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At June 30, 2015 the City of Maple Valley's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportionate Share
PERS 1	0.025956%	0.025622%	-0.000334%
PERS 2/3	0.030008%	0.029457%	-0.000551%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Non-employer Allocations* for all plans except LEOFF 1.

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2015, the City of Maple Valley recognized pension expense as follows:

Plan	Pension Expense
PERS 1	\$ 62,754
PERS 2/3	120,178
Total	\$ 182,932

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, the City of Maple Valley reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 66,569	\$ -
Difference between expected and actual earnings	-	73,327
Total	\$ 66,569	\$ 73,327

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PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 1,696	\$ -
Contributions subsequent to the measurement date	83,318	-
Difference between expected and actual earnings	-	280,972
Difference between expected and actual experience	111,882	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	17,729
Total	\$ 196,896	\$ 298,701

Deferred outflows of resources related to pensions resulting from the City of Maple Valley’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	PERS 1	PERS 2/3	Total Amortization
2016	\$ (28,419)	\$ (81,500)	\$ (109,919)
2017	(28,419)	(81,500)	(109,919)
2018	(28,419)	(81,500)	(109,919)
2019	11,930	59,377	71,307
Total	\$ (73,327)	\$ (185,123)	\$ (258,450)

C. OTHER EMPLOYEE BENEFITS

In addition to leave and retirement benefits, the City provides: a Worker’s Compensation program through the Washington State Department of Labor and Industries and a medical, dental, vision, group life, disability, and employee assistance programs through the Association of Washington Cities (AWC).

The City’s cost for these benefit programs for the last three years is as follows:

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	<u>2015</u>	<u>2014</u>	<u>2013</u>
Worker's Compensation	\$ 42,194	\$ 45,063	\$ 42,415
Medical, Dental and Vision (Health)	581,771	539,945	540,708
Group Life and Long-term Disability	5,326	16,947	16,072
	<u>\$ 629,290</u>	<u>\$ 601,955</u>	<u>\$ 599,195</u>
Other Benefit Cost as a % of Total Payroll	19%	19%	19%

The City is a participating employer in the Association of Washington Cities Employee Benefit Trust. The "Trust", is a cost-sharing multiple-employer welfare benefit plan administered by the Association of Washington Cities. Under Article VII of the Trust document, the Trustees have the authority and power to amend the amount and the nature of the medical and other benefits provided by the Trust. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. That report, along with a copy of the Trust document, may be obtained by writing to the Trust at 1076 Franklin Street SE, Olympia, WA 98501-1346 or by calling 1-800-562-8981.

Participating employers are contractually required to contribute at a rate assessed each year by the Trust. The City's contribution to the Trust for the year ended December 31, 2015, was \$581,771 or 17% of annual covered payroll and equaled the required contributions for the year. The group life insurance program payout is equal to the employee's annual salary. The disability program is at 60% of salary after 90 days.

In 2015, the AWC Benefit Trust granted a Long Term Disability (LTD) premium holiday to employers currently offering LTD coverage. The Trust's LTD contract contains an experience rated refunding provision that enabled the Trust to request a refund of claims fluctuation reserves once the account exceeds one-half of the annualized premium and the Board of Trustees was able to offer the twelve month premium holiday to qualified employers from January 1, 2015 through December 31, 2015. Eligible employees were still covered for LTD, as the Trust paid for the LTD premiums out of the reserve funds. Based on the City's total payroll for 2015 for those qualifying employees, this saved the City \$11,940 in LTD premiums. The increase between 2014 and 2015 premiums for Group Term Life Insurance remained flat.

D. OTHER (NON-PENSION) POST EMPLOYMENT BENEFITS

The "Trust" also provides medical benefits to certain eligible retired employees of participating employers and their eligible family members. The contribution requirements of participating retirees and other beneficiaries, if any, are established and may be amended by the Board of Trustees of the Trust. The City makes no contributions for these benefits. Participating employers are not contractually required to contribute an assessed rate each year by the Trust for the non-LEOFF I retirees. The retiree pays for 100% of the premium.

NOTE 12 RISK MANAGEMENT

The city of Maple Valley is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 179 Members.

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New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self-insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines. A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

No settlement or claim has exceeded insurance coverage in the last three years or prior to that.

In addition to insurance coverage described above through the WCIA, the City of Maple Valley is self-insured for unemployment compensation. This coverage is provided through an internal service fund, the Unemployment Trust Fund. Through 2007 charges were made to departments at the State established rates with claims paid by the State and reimbursed by the City. In 2007 and prior, contributions to the Unemployment Trust Fund always exceeded claims paid. Based on this experience, the City stopped making contributions in 2008 and in 2009 transferred \$50,000 to the General Fund.

Since 2008 the City has used the fund's fund balance and investment earnings to pay claims. The following is a brief history of claims paid, and ending net position of the fund.

	<u>2015</u>		<u>2014</u>		<u>2013</u>
Claims Paid	\$ 4,704	\$	28,377	\$	13,994
Net Position	24,494		27,303		55,328

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Based on the trend data and the fact that the City has had minimal layoffs, the net position at this time appears reasonable.

NOTE 13 COMMITMENTS

In the opinion of management, the City has recorded in its financial statements all known liabilities and the City's insurance coverage is adequate to pay all potential claims. The City has active construction projects as of December 31, 2015. The City's commitments with contractors are as follows:

Construction Commitments				
Contract Name	Project No.	Contract Amount	Payments	Balance at 12/31/2015
Construction Contracts				
Daley Morrow Problete, Inc.	S10	\$ 64,000	\$ 45,297	\$ 18,703
Intolight	T38	262,688	-	262,688
KBA, Inc.	T28a	192,359	191,558	801
Mead & Hunt, Inc.	T28b	335,523	-	335,523
Prametrix, Inc.	T38	214,962	168,975	45,987
Interlocal Agreements:				
King County GIS Center		15,500	-	15,500
King County Surface Water		29,710	20,756	8,954
King County Water & Land Resource Division - WRIA 8		1,061	-	1,061
King County Water & Land Resource Division - WRIA 9		6,506	-	6,506
Total		<u>\$ 1,122,309</u>	<u>\$ 426,586</u>	<u>\$ 695,723</u>

NOTE 14 CHANGE IN ACCOUNTING PRINCIPAL

In June 2012 the Governmental Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68. Statement No. 68 amends GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers as well as the requirements of GASB Statement No. 50, Pension Disclosures. The scope of the change relates to pension plans that are administered through a trust or similar arrangement meeting certain criteria. Both GASB Statements No. 27 and 50 are still applicable to those pensions not covered within the scope of Statement No. 68.

The City of Maple Valley adopted the provisions of Statement No. 68 during the fiscal year ending December 31, 2015. Beginning Net Position in the following funds were affected by this change in accounting principle:

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	Net Position		Net Position
	Beginning	GASB 68	Restated
	Balance	Adjustment	
Governmental Activities			
Governmental Funds	\$ 377,905,545	\$ (2,304,014)	\$ 375,601,531
Internal Service Funds	1,127,990	(193,679)	934,311
Total Governmental Activities	<u>379,033,535</u>	<u>(2,497,693)</u>	<u>376,535,842</u>
Business-Type Activities			
Surface Water Management Fund	14,896,834	(97,926)	14,798,908
Lake Wilderness Golf Course Fund	3,879,135	(878)	3,878,257
Total Business-Type Activities	<u>18,775,969</u>	<u>(98,804)</u>	<u>18,677,165</u>
Total Primary Government	<u><u>\$ 397,809,504</u></u>	<u><u>\$ (2,596,497)</u></u>	<u><u>\$ 395,213,007</u></u>

Required Supplementary Information

City of Maple Valley
Schedule of Employer's Proportionate Share of Net Pension Liability
Public Employees' Retirement System
As of June 30, 2015
Last Ten Years *(Additional years will be displayed as they become available)*

	<u>2015</u>	<u>2014</u>
PERS 1		
Employer's Proportion of the Net Pension Liability	0.025622%	0.025956%
Employer's Proportionate Share of the Net Pension Liability	\$ 1,340,269	\$ 1,307,546
Employer's Covered Payroll	\$ 153,748	\$ 125,818
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	872%	1039%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.10%	61.19%
PERS 2/3		
Employer's Proportion of the Net Pension Liability	0.029457%	0.030008%
Employer's Proportionate Share of the Net Pension Liability	\$ 1,052,515	\$ 606,570
Employer's Covered Payroll	\$ 2,473,491	\$ 2,462,184
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	43%	25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.20%	93.29%

Notes to required schedule:

Significant methods and assumptions used in calculating the actuarial determined contribution are presented in Note 11.

City of Maple Valley
Schedule of Employer Contributions
Public Employees' Retirement System
As of December 31, 2015

Last Ten Years (Additional years will be displayed as they become available)

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)⁽¹⁾	Employer's Covered Payroll	Contributions as a % of Covered Employee Payroll
PERS 1					
2015	\$ 8,014	\$ 8,014	\$ (0)	\$ 87,014	9.21%
2014	\$ 12,836	\$ 12,836	\$ (0)	\$ 139,373	9.21%
PERS 2/3					
2015	\$ 270,078	\$ 270,067	\$ 11	\$ 2,633,127	10.26%
2014	\$ 238,364	\$ 238,364	\$ 0	\$ 2,588,102	9.21%

⁽¹⁾ Actual contributions are calculated by individual paycheck whereas the contractually required contribution is calculated using annual totals. The Deficiency (Excess) is attributable to differences in rounding.

Notes to required schedule:

Significant methods and assumptions used in calculating the actuarial determined contribution are presented in Note 11.

The required contribution rate increased on July 1, 2015 from 9.21% of covered employee payroll to 11.18% of covered employee payroll.



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This part of the City of Maple Valley's Comprehensive Annual Financial Report presents detailed financial information required for management of City operations.

	Page Number
Combining Statements - Nonmajor Governmental Funds	
These statements provide the detailed financial statements for the nonmajor governmental funds.	
Combining Balance Sheet - Nonmajor Governmental Funds	116
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	117
 Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Proprietary Funds	
These schedules provide budget and actual information that is useful to management but not required financial reporting.	
Drug Seizure Fund	120
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 Internal Service Fund Statements	
These statements provide the detailed financial statements for the individual internal service funds.	
Combining Statement of Net Position	132
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Combining Statement of Cash Flows	134



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Combining Statements and Schedules

City of Maple Valley
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Drug Seizure	Transportation Benefit District	Transportation Benefit Special Revenue Fund	Bond Proceeds	
ASSETS					
Cash and Cash Equivalents	\$ 29,423	\$ -	\$ 357,974	\$ -	\$ 387,397
Investments	4,143	-	50,402	-	54,544
Receivables (net of allowance for uncollectibles):					
Accounts	1,190	-	-	-	1,190
Intergovernmental Receivable	-	-	27,938	-	27,938
Total Assets	\$ 34,756	\$ -	\$ 436,313	\$ -	\$ 471,069
LIABILITIES					
Liabilities					
Accounts Payable	\$ 2,382	\$ -	\$ -	\$ -	\$ 2,382
Intergovernmental Payable	-	-	1	-	1
Total Liabilities	2,382	-	1	-	2,383
FUND BALANCES					
Restricted:					
Drug Investigations	32,374	-	-	-	32,374
Transportation Infrastructure	-	-	436,312	-	436,312
Total Fund Balances	32,374	-	436,312	-	468,686
Total Liabilities and Fund Balances	\$ 34,756	\$ -	\$ 436,313	\$ -	\$ 471,069

City of Maple Valley
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Drug Seizure	Transportation Benefit District	Transportation Benefit Special Revenue Fund	Bond Proceeds	
REVENUES					
Taxes					
Excise Taxes in Lieu of Property Tax	\$ -	\$ 313,392	\$ 50,648	\$ -	\$ 364,041
Miscellaneous Revenue	28,867	1,152	1,942	16	31,977
Total Revenues	28,867	314,545	52,591	16	396,018
EXPENDITURES					
Current					
Public Safety	10,828	-	-	-	10,828
Transportation	-	10,538	-	-	10,538
Debt Service					
Interest and Other Fees	-	-	-	45,435	45,435
Total Expenditures	10,828	10,538	-	45,435	66,801
Excess (deficiency) of revenues over (under) expenditures	18,039	304,007	52,591	(45,420)	329,217
Other Financing Sources (Uses)					
Issuance of Refunding Bonds	-	-	-	3,022,980	3,022,980
Payment to Refunding Escrow Agent	-	-	-	(2,975,277)	(2,975,277)
Transfers Out	-	(196,317)	-	(2,284)	(198,601)
Total Other Financing Sources (Uses)	-	(196,317)	-	45,420	(150,897)
Special Items					
Transfer of Operations to Spec. Rev. Fund	-	(383,721)	383,721	-	-
Net Change in Fund Balances	18,039	(276,031)	436,312	-	178,320
Fund Balances, January 1	14,335	276,031	-	-	290,366
Fund Balances, December 31	\$ 32,374	\$ -	\$ 436,312	\$ -	\$ 468,686



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Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

City of Maple Valley
Drug Seizure Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous Revenue				
Investment Earnings	\$ 30	\$ 30	\$ 325	\$ 295
Confiscated and Forfeited Property	2,000	29,400	28,542	(858)
Total Miscellaneous Revenue	2,030	29,430	28,867	(563)
Total Revenues	2,030	29,430	28,867	(563)
EXPENDITURES				
Public Safety				
Operating	4,000	14,000	10,828	3,172
Total Expenditures	4,000	14,000	10,828	3,172
Revenues over (under) Expenditures	(1,970)	15,430	18,039	2,609
Net Change in Fund Balances	(1,970)	15,430	18,039	2,609
Fund Balance, January 1	11,801	14,335	14,335	-
Fund Balance, December 31	\$ 9,831	\$ 29,765	\$ 32,374	\$ 2,609

City of Maple Valley
Transportation Benefit District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Transportation Benefit District Vehicle Fees	\$ 330,000	\$ 330,000	\$ 313,392	\$ (16,608)
Total Taxes	330,000	330,000	313,392	(16,608)
Miscellaneous Revenue				
Investment Earnings	100	100	1,152	1,052
Total Miscellaneous Revenue	100	100	1,152	1,052
Total Revenues	330,100	330,100	314,545	(15,555)
EXPENDITURES				
Public Works				
Transportation				
Operating Expenditures	2,500	9,600	10,538	(938)
Total Expenditures	2,500	9,600	10,538	(938)
Revenues over (under) Expenditures	327,600	320,500	304,007	(16,493)
Other Financing Sources (Uses)				
Transfer out to Capital Improvement Plan Fund	(330,000)	(330,000)	(196,317)	133,683
Total Other Financing Sources (Uses)	(330,000)	(330,000)	(196,317)	133,683
Special Items				
Transfer of Operations to Spec. Rev. Fund	-	(350,000)	(383,721)	(33,721)
Net Change in Fund Balances	(2,400)	(359,500)	(276,031)	83,469
Fund Balance, January 1	193,946	276,031	276,031	-
Fund Balance, December 31	\$ 191,546	\$ (83,469)	\$ -	\$ 83,469

City of Maple Valley
Transportation Benefit Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Transportation Benefit Vehicle Excise Fees	\$ -	\$ -	\$ 50,648	\$ 50,648
Total Taxes	-	-	50,648	50,648
Miscellaneous Revenue				
Investment Earnings	-	-	1,942	1,942
Total Miscellaneous Revenue	-	-	1,942	1,942
Total Revenues	-	-	52,591	52,591
EXPENDITURES				
Special Items				
Transfer of Operations to Spec. Rev. Fund	-	350,000	383,721	33,721
Net Change in Fund Balances	-	350,000	436,312	86,312
Fund Balance, January 1	-	-	-	-
Fund Balance, December 31	\$ -	\$ 350,000	\$ 436,312	\$ 86,312

City of Maple Valley
Bond Proceeds Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous Revenue				
Investment Earnings	\$ -	\$ 50	\$ 16	\$ (34)
Total Miscellaneous Revenue	-	50	16	(34)
EXPENDITURES				
Parks and Community Services				
Parks & Recreation				
Operating Expenditures	40,000	85,435	45,435	40,000
Total Expenditures	40,000	85,435	45,435	40,000
Revenues over (under) Expenditures	(40,000)	(85,385)	(45,419)	39,966
Other Financing Sources (Uses)				
Issuance of Refunding Bonds	-	3,022,980	3,022,980	-
Issuance of Voted GO Bonds	3,540,000	3,540,000	-	(3,540,000)
Transfer out to Capital Improvement Plan Fund	(3,500,000)	(3,502,318)	(2,284)	3,500,034
Payment to Refunding Escrow Agent	-	(2,975,277)	(2,975,277)	-
Total Other Financing Sources (Uses)	40,000	85,385	45,419	(39,966)
Net Change in Fund Balances	-	-	-	-
Fund Balance, January 1	-	-	-	-
Fund Balance, December 31	\$ -	\$ -	\$ -	\$ -

City of Maple Valley
Capital Improvement Plan Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental Revenue				
Federal Grants	\$ -	\$ -	\$ 1,041	\$ 1,041
State and County Grants	1,750,000	1,750,000	1,152,514	(597,486)
Total Intergovernmental Revenue	1,750,000	1,750,000	1,153,555	(596,445)
Total Revenues	1,750,000	1,750,000	1,153,555	(596,445)
EXPENDITURES				
Public Works				
Transportation				
Capital Expenditures	4,527,000	4,620,000	2,255,633	2,364,367
Operating Expenditures	700,000	700,000	206,453	493,547
Total Public Works	5,227,000	5,320,000	2,462,086	2,857,914
Parks and Community Services				
Parks & Recreation				
Capital Expenditures	4,445,500	4,970,500	929,179	4,041,321
Operating Expenditures	125,000	175,000	-	175,000
Community Facilities				
Capital Expenditures	50,000	50,000	26,634	23,366
Total Parks and Community Services	4,620,500	5,195,500	955,813	4,239,687
Debt Service				
Principal	749,621	794,621	814,621	(20,000)
Interest	185,807	118,035	94,246	23,789
Total Debt Service	935,428	912,656	908,867	3,789
Total Expenditures	\$ 10,782,928	\$ 11,428,156	\$ 4,326,767	\$ 7,101,389

City of Maple Valley
Capital Improvement Plan Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues over (under) Expenditures	\$ (9,032,928)	\$ (9,678,156)	\$ (3,173,212)	\$ 6,504,944
Other Financing Sources (Uses)				
Transfer in from Bond Proceeds Fund	3,500,000	3,502,318	2,284	(3,500,034)
Transfer in from General Fund	343,878	341,065	302,488	(38,577)
Transfer in from Transportation Impact Fee Fund	2,435,738	2,523,711	1,024,646	(1,499,065)
Transfer in from Park Development Fund	546,918	775,868	424,087	(351,781)
Transfer in from Real Estate Excise Tax Fund	1,412,894	1,741,694	943,924	(797,770)
Transfer in from Surface Water Management Fund	463,500	463,500	279,467	(184,033)
Transfer in from Transportation Benefit District Fund	330,000	330,000	196,317	(133,683)
Total Other Financing Sources (Uses)	9,032,928	9,678,156	3,173,212	(6,504,944)
Net Change in Fund Balances	-	-	-	-
Fund Balance, January 1	22,846	19,025	19,025	-
Fund Balance, December 31	\$ 22,846	\$ 19,025	\$ 19,025	-

City of Maple Valley
Surface Water Management Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental Revenue				
State and County Grants	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Total Intergovernmental Revenue	50,000	50,000	50,000	-
Charges for Service				
Surface Water Management Fees	1,233,360	1,233,360	1,309,372	76,012
Miscellaneous Charges	12,050	12,050	2,600	(9,450)
Total Charges for Service	1,245,410	1,245,410	1,311,972	66,562
Miscellaneous Revenue				
Investment Earnings	18,440	18,440	31,191	12,751
Total Miscellaneous Revenue	18,440	18,440	31,191	12,751
Total Revenues	1,313,850	1,313,850	1,393,163	79,313
EXPENDITURES				
Public Works				
Operating	790,410	790,410	782,167	8,243
Depreciation	-	-	39,299	(39,299)
Capital Expenditures	300,000	300,000	6,538	293,462
Total Public Works	1,090,410	1,090,410	828,004	262,406
Total Expenditures	1,090,410	1,090,410	828,004	262,406
Revenues over (under) Expenditures	223,440	223,440	565,158	341,718
Other Financing Sources (Uses)				
Depreciation Addback	-	-	39,299	39,299
Transfer out to General Fund	(77,750)	(77,750)	(61,955)	15,795
Transfer out to Capital Improvement Plan Fund	(463,500)	(463,500)	(279,467)	184,033
Total Other Financing Sources (Uses)	(541,250)	(541,250)	(302,123)	239,128
Net Change in Fund Balances	(317,810)	(317,810)	263,035	580,846
Net Position, January 1	2,688,480	2,712,069	2,712,069	-
Change in Accounting Principle - GASB 68	-	-	(97,926)	(97,926)
Net Position, December 31	\$ 2,370,670	\$ 2,394,259	\$ 2,877,178	\$ 482,920

City of Maple Valley
Lake Wilderness Golf Course Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Service				
Green Fees	\$ 545,420	\$ 545,420	\$ 552,962	\$ 7,542
Rentals & Lessons	127,000	127,000	179,658	52,658
Merchandise Sales	50,590	50,590	67,693	17,103
Food & Beverage Revenue	234,200	234,200	293,142	58,942
Facility Rentals	3,410	3,410	6,454	3,044
Total Charges for Service	960,620	960,620	1,099,909	139,289
Miscellaneous Revenue				
Investment Earnings	40	40	516	476
Other Miscellaneous Revenue	30	30	(213)	(243)
Total Miscellaneous Revenue	70	70	303	233
Total Revenues	960,690	960,690	1,100,211	139,521
EXPENDITURES				
Parks and Community Services				
Operating	957,480	957,480	1,095,755	(138,275)
Depreciation	-	-	70,122	(70,122)
Capital Expenditures	25,000	25,000	-	25,000
Total Parks and Community Services	982,480	982,480	1,165,878	(183,398)
Total Expenditures	982,480	982,480	1,165,878	(183,398)
Revenues over (under) Expenditures	(21,790)	(21,790)	(65,666)	(43,876)
Other Financing Sources (Uses)				
Depreciation Addback	-	-	70,122	70,122
Transfer in from General Fund	21,790	21,790	-	(21,790)
Total Other Financing Sources (Uses)	21,790	21,790	70,122	48,332
Net Change in Fund Balances	-	-	4,456	4,456
Net Position, January 1	-	-	-	-
Change in Accounting Principle - GASB 68	-	-	(878)	(878)
Net Position, December 31	\$ -	\$ -	\$ 3,579	\$ 3,579

City of Maple Valley
Vehicle Rental Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Service				
Charges to Departments	\$ 194,050	\$ 194,050	\$ 170,746	\$ (23,304)
Total Charges for Service	194,050	194,050	170,746	(23,304)
Miscellaneous Revenue				
Investment Earnings	1,840	1,840	4,189	2,349
Gain (Loss) on Retirement of Capital Assets	22,580	22,580	13,689	(8,891)
Total Miscellaneous Revenue	24,420	24,420	17,879	(6,541)
Total Revenues	218,470	218,470	188,625	(29,845)
EXPENDITURES				
General Government				
Operating	98,730	98,730	57,483	41,247
Depreciation	-	-	56,142	(56,142)
Capital Expenditures	86,000	86,000	70,973	15,027
Total General Government	184,730	184,730	184,598	132
Total Expenditures	184,730	184,730	184,598	132
Revenues over (under) Expenditures	33,740	33,740	4,027	(29,713)
Other Financing Sources (Uses)				
Depreciation Addback	-	-	56,142	56,142
Total Other Financing Sources (Uses)	-	-	56,142	56,142
Net Change in Fund Balances	33,740	33,740	60,169	26,429
Net Position, January 1	310,014	331,516	331,516	-
Net Position, December 31	\$ 343,754	\$ 365,256	\$ 391,685	\$ 26,429

City of Maple Valley
Central Services Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Service				
Charges to Departments	\$ 1,247,110	\$ 1,253,110	\$ 1,143,453	\$ (109,657)
Total Charges for Service	1,247,110	1,253,110	1,143,453	(109,657)
Miscellaneous Revenue				
Investment Earnings	2,260	2,260	3,482	1,222
Gain (Loss) on Retirement of Capital Assets	-	-	(5,921)	(5,921)
Other Miscellaneous Revenue	-	-	6,687	6,687
Total Miscellaneous Revenue	2,260	2,260	4,248	1,988
Total Revenues	1,249,370	1,255,370	1,147,700	(107,670)
EXPENDITURES				
General Government				
Operating	1,167,530	1,167,530	1,068,944	98,586
Depreciation	-	-	56,214	(56,214)
Capital Expenditures	207,062	213,062	129,515	83,547
Total General Government	1,374,592	1,380,592	1,254,673	125,919
Total Expenditures	1,374,592	1,380,592	1,254,673	125,919
Revenues over (under) Expenditures	(125,222)	(125,222)	(106,973)	18,249
Other Financing Sources (Uses)				
Depreciation Addback	-	-	56,214	56,214
Book value surplus capital asset	-	-	5,921	5,921
Total Other Financing Sources (Uses)	-	-	62,135	62,135
Net Change in Fund Balances	(125,222)	(125,222)	(44,838)	80,384
Net Position, January 1	437,524	319,623	319,623	-
Change in Accounting Principle - GASB 68	-	-	(193,679)	(193,679)
Net Position, December 31	\$ 312,302	\$ 194,401	\$ 81,106	\$ (113,295)

City of Maple Valley
Unemployment Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous Revenue				
Investment Earnings	\$ 390	\$ 390	\$ 1,895	\$ 1,505
Total Miscellaneous Revenue	390	390	1,895	1,505
EXPENDITURES				
General Government				
Operating	14,000	14,000	4,704	9,296
Total General Government	14,000	14,000	4,704	9,296
Total Expenditures	14,000	14,000	4,704	9,296
Net Change in Fund Balances	(13,610)	(13,610)	(2,809)	10,801
Net Position, January 1	39,758	27,303	27,303	-
Net Position, December 31	\$ 26,148	\$ 13,693	\$ 24,494	\$ 10,801

Internal Service Funds

**City of Maple Valley
Internal Service Funds
Combining Statement of Net Position
December 31, 2015**

	<u>Vehicle Rental</u>	<u>Central Service</u>	<u>Unemployment Trust</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 338,477	\$ 257,200	\$ 21,471	\$ 617,148
Investments	47,657	36,213	3,023	86,892
Due from Other Governments	5,551	-	-	5,551
Due from Others	1,385	19,540	-	20,925
Prepaid Expenses	-	25,751	-	25,751
Total Current Assets	<u>393,070</u>	<u>338,703</u>	<u>24,494</u>	<u>756,267</u>
Noncurrent Assets:				
Capital Assets:				
Machinery, Equipment and Vehicles	831,169	238,632	-	1,069,801
Intangibles-Software	-	397,944	-	397,944
Less: Accumulated Depreciation	(577,262)	(165,826)	-	(743,088)
Less: Accumulated Amortization	-	(192,898)	-	(192,898)
Total Capital Assets (net of Accum. Depreciated)	<u>253,907</u>	<u>277,852</u>	<u>-</u>	<u>531,759</u>
Total Assets	<u>646,977</u>	<u>616,554</u>	<u>24,494</u>	<u>1,288,025</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	-	20,401	-	20,401
Total Deferred Outflows of Resources	<u>-</u>	<u>20,401</u>	<u>-</u>	<u>20,401</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,385	18,145	-	19,530
Payroll Payable	-	8,805	-	8,805
Due to Other Governments	-	9,236	-	9,236
Compensated Absences Payable	-	8,947	-	8,947
Unearned Revenue	-	25,751	-	25,751
Total Current Liabilities	<u>1,385</u>	<u>70,884</u>	<u>-</u>	<u>72,269</u>
Noncurrent Liabilities				
Net Pension Liability	-	178,104	-	178,104
Total Noncurrent Liabilities	<u>-</u>	<u>178,104</u>	<u>-</u>	<u>178,104</u>
Total Liabilities	<u>1,385</u>	<u>248,988</u>	<u>-</u>	<u>250,373</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	-	29,009	-	29,009
Total Deferred Inflows of Resources	<u>-</u>	<u>29,009</u>	<u>-</u>	<u>29,009</u>
NET POSITION				
Net Investment in Capital Assets	253,907	277,852	-	531,759
Unrestricted	391,685	81,106	24,494	497,285
Total Net Position	<u>\$ 645,592</u>	<u>\$ 358,958</u>	<u>\$ 24,494</u>	<u>\$ 1,029,044</u>

City of Maple Valley
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2015

	<u>Vehicle Rental</u>	<u>Central Service</u>	<u>Unemployment Trust</u>	<u>Total Internal Service Funds</u>
Operating Revenues				
Charges for Sales and Services	\$ 170,746	\$ 1,143,453	\$ -	\$ 1,314,199
Total Operating Revenue	<u>170,746</u>	<u>1,143,453</u>	<u>-</u>	<u>1,314,199</u>
Operating Expenses				
Cost of Sales and Services	57,483	1,068,944	4,704	1,131,131
Depreciation	56,142	56,214	-	112,356
Total Operating Expenses	<u>113,625</u>	<u>1,125,158</u>	<u>4,704</u>	<u>1,243,487</u>
Operating Income	<u>57,121</u>	<u>18,295</u>	<u>(4,704)</u>	<u>70,712</u>
Nonoperating Revenues (Expenses)				
Investment Earnings	4,189	3,482	1,895	9,566
Gain (Loss) on Retirement of Capital Assets	13,689	(5,921)	-	7,768
Other Nonoperating Revenues	-	6,687	-	6,687
Total Nonoperating Revenue (Expenses)	<u>17,879</u>	<u>4,248</u>	<u>1,895</u>	<u>24,021</u>
Income before Contributions and Transfers	<u>75,000</u>	<u>22,542</u>	<u>(2,809)</u>	<u>94,733</u>
Change in Net Position	<u>75,000</u>	<u>22,542</u>	<u>(2,809)</u>	<u>94,733</u>
Total Net Position, January 1	<u>570,592</u>	<u>530,095</u>	<u>27,303</u>	<u>1,127,990</u>
Change in Accounting Principle - GASB 68	-	(193,679)	-	(193,679)
Total Net Position, December 31	<u>\$ 645,592</u>	<u>\$ 358,958</u>	<u>\$ 24,494</u>	<u>\$ 1,029,044</u>

City of Maple Valley
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2015

	<u>Vehicle Rental</u>	<u>Central Service</u>	<u>Unemployment Trust</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities				
Cash Received from User Departments	\$ 163,810	\$ 1,143,453	\$ -	\$ 1,307,263
Cash Paid to Suppliers for Goods and Services	(56,098)	(1,082,893)	(9,018)	(1,148,009)
Net Cash From Operating Activities	<u>107,712</u>	<u>60,560</u>	<u>(9,018)</u>	<u>159,254</u>
Cash Flows from Capital & Related Financing Activities				
Capital Assets Purchased for Own Use	(70,973)	(129,515)	-	(200,488)
Proceeds from Sale of Capital Assets	13,689	-	-	13,689
Other Miscellaneous Capital Related Activities	-	6,687	-	6,687
Net Cash From Capital & Related Financing	<u>(57,284)</u>	<u>(122,828)</u>	<u>-</u>	<u>(180,112)</u>
Cash Flows from Investing Activities				
Purchase of Investments	51,111	68,717	-	119,828
Proceeds from Investment Maturities	-	-	6,397	6,397
Interest on Investments	4,189	3,482	1,895	9,566
Net Cash From Investing Activities	<u>55,301</u>	<u>72,199</u>	<u>8,291</u>	<u>135,791</u>
Net Change in Cash and Cash Equivalents	<u>105,729</u>	<u>9,930</u>	<u>(727)</u>	<u>114,933</u>
Cash and Cash Equivalents, January 1	<u>232,748</u>	<u>247,270</u>	<u>22,197</u>	<u>502,215</u>
Cash and Cash Equivalents, December 31	<u>\$ 338,477</u>	<u>\$ 257,200</u>	<u>\$ 21,471</u>	<u>\$ 617,147</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$ 57,121	\$ 18,295	\$ (4,704)	\$ 70,712
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	56,142	56,214	-	112,356
Change in Receivables (net of uncollectibles)	(6,936)	(19,540)	-	(26,476)
Change in Prepaid Items	-	(24,067)	-	(24,067)
Change in Accounts Payable	1,385	574	(4,314)	(2,355)
Change in Payroll Payable	-	(1,943)	-	(1,943)
Change in Due to Other Governments	-	9,228	-	9,228
Change in Contracts Payable	-	3,015	-	3,015
Change in Unearned Revenue	-	25,751	-	25,751
Change in Net Pension Liability	-	37,926	-	37,926
Changed in Deferred Outflows of Resources	-	(11,060)	-	(11,060)
Changed in Deferred Inflows of Resources	-	(33,832)	-	(33,832)
Net Cash Provided by Operating Activities	<u>\$ 107,712</u>	<u>\$ 60,560</u>	<u>\$ (9,018)</u>	<u>\$ 159,254</u>

STATISTICAL SECTION



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This part of the City of Maple Valley's Comprehensive Annual Financial Report presents analytical information, much if it over the last ten years, that provides a context for understanding the City's overall financial health

Page #

Financial Trends

These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.

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Changes in Fund Balances - Governmental Funds	144

Revenue Capacity

These schedules contain information to help the reader assess the City's revenue capacity and its ability to fund future operations.

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Private Development Activity	150
Principal Property Taxpayers and Employers	152

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future

Computation of Legal Debt Margin	153
Computation of Legal Direct and Overlapping Debt with Bonded Debt Ratios	154

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Comparative Regional Statistics	155
Maple Valley Statistics and Ratios	156

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.

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Operating Indicators by Function	159
Capital Asset Statistics by Function	160

City of Maple Valley
Net Position by Component
Last Ten Years
(accrual basis of accounting)

	2006	2007	2008	2009
Net Position, December 31				
Governmental Activities				
Net Investment in Capital Assets	\$ 240,060,893	\$ 289,946,247	\$ 308,429,579	\$ 347,747,795
Restricted	9,685,787	9,750,610	11,724,658	10,900,630
Unrestricted	2,529,970	3,204,325	2,737,739	2,494,451
Total Governmental Activities Net Position	252,276,650	302,901,182	322,891,976	361,142,876
Business-Type Activities				
Net Investment in Capital Assets	11,289,673	11,768,973	11,885,231	12,479,185
Unrestricted	1,381,725	1,567,684	1,874,326	1,926,248
Total Business-Type Activities Net Position	12,671,398	13,336,657	13,759,557	14,405,433
Primary Government				
Net Investment in Capital Assets	251,350,566	301,715,220	320,314,810	360,226,980
Restricted	11,067,512	11,318,294	13,598,984	12,826,878
Unrestricted	2,529,970	3,204,325	2,737,739	2,494,451
Total Primary Government Net Position	\$ 264,948,048	\$ 316,237,839	\$ 336,651,533	\$ 375,548,309

Source:
Applicable years' comprehensive annual financial report.

2010	2011	(Restated) 2012	(Restated) 2013	2014	2015
\$ 344,208,737	\$ 344,710,632	\$ 344,260,772	\$ 363,989,532	\$ 363,865,160	\$ 359,383,737
9,900,220	9,105,966	10,389,134	10,355,330	10,999,445	11,227,947
2,452,787	3,293,176	3,504,917	3,631,918	4,168,930	2,855,590
356,561,744	357,109,774	358,154,823	377,976,781	379,033,535	373,467,274
12,373,097	12,381,146	12,238,151	12,417,420	16,063,900	16,171,075
2,387,213	2,171,478	2,662,528	2,466,079	2,712,069	2,880,756
14,760,310	14,552,624	14,900,679	14,883,499	18,775,969	19,051,832
356,581,834	357,091,778	356,498,924	376,406,952	379,929,060	375,554,812
12,287,433	11,277,444	13,051,662	12,821,409	13,711,514	11,227,947
2,452,787	3,293,176	3,504,917	3,631,918	4,168,930	5,736,347
\$ 371,322,054	\$ 371,662,398	\$ 373,055,503	\$ 392,860,280	\$ 397,809,504	\$ 392,519,106

City of Maple Valley
Changes in Net Position
Last Ten years
(accrual basis of accounting)

	2006	2007	2008	2009
Expenses				
Governmental Activities				
General Government	\$ 1,531,693	\$ 1,540,862	\$ 1,985,141	\$ 2,014,921
Economic Environment (Comm. Development)	820,144	850,516	953,115	987,928
Human Services	171,770	212,019	200,799	220,294
Culture and Recreation	1,288,862	1,595,110	1,571,438	1,560,100
Public Safety	2,133,701	2,293,963	2,332,012	2,380,537
Transportation (Public Works)	7,622,944	7,769,571	8,518,674	7,719,635
Utilities and Environment	-	-	-	-
Interest on Long-term Debt	286,421	280,554	283,968	282,668
Total Governmental Activities Expenses	13,855,535	14,542,595	15,845,147	15,166,083
Business-Type Activities				
Surface Water Management	398,040	322,363	420,178	657,931
Golf Course Operations	86,004	1,616,237	1,680,058	1,667,791
Total Business-Type Activities Expenses	484,044	1,938,600	2,100,236	2,325,722
Total Primary Government Expenses	14,339,579	16,481,195	17,945,383	17,491,805
Program Revenue				
Governmental Activities				
Charges for Services				
General Government	40,847	50,072	24,425	20,548
Economic Environment (Comm. Development)	983,899	673,511	499,210	475,388
Culture and Recreation	352,884	432,970	522,833	476,821
Public Safety	113,946	105,056	156,284	142,840
Transportation (Public Works)	1,993,138	1,855,260	1,398,665	806,329
Operating Grants and Contributions	513,165	570,996	572,302	590,819
Capital Grants and Contributions	4,003,483	4,220,929	30,455,712	44,319,192
Total Governmental Activities Program Revenue	8,001,362	7,908,794	33,629,431	46,831,937
Business-Type Activities				
Charges for Services				
Surface Water Management	675,034	693,419	719,886	760,361
Golf Course Operations	61,576	1,327,390	1,461,769	1,447,843
Operating Grants and Contributions				
Surface Water Management	-	-	-	-
Capital Grants and Contributions				
Surface Water Management	400,249	-	210,598	588,328
Golf Course Operations	-	-	-	-
Total Business-Type Activities Program Revenue	1,136,859	2,020,809	2,392,253	2,796,532
Total Primary Government Program Revenue	9,138,221	9,929,603	36,021,684	49,628,469
Net (Expense) Revenue				
Governmental Activities	(5,854,173)	(6,633,801)	17,784,284	31,665,854
Business-Type Activities	652,815	82,209	292,017	470,810
	\$ (5,201,358)	\$ (6,551,592)	\$ 18,076,301	\$ 32,136,664

Source:
Applicable years' comprehensive annual financial report.

	2010	2011	2012	2013	2014	2015
\$	1,921,807	\$ 1,772,231	\$ 2,108,677	\$ 2,157,921	\$ 2,261,522	\$ 2,112,028
	910,348	956,927	1,123,475	978,415	1,086,990	983,045
	273,033	217,842	30,000	30,000	30,000	35,000
	1,786,842	1,853,874	2,121,785	2,377,593	2,485,163	2,466,942
	2,718,707	3,561,153	3,694,747	3,881,719	4,016,691	4,060,303
	8,189,722	8,369,983	7,904,401	7,881,784	9,668,319	10,107,443
	-	-	121,137	137,236	153,591	103,682
	214,583	195,763	179,773	164,829	172,135	80,200
	16,015,042	16,927,773	17,283,995	17,609,496	19,874,413	19,948,643
	612,978	615,438	731,371	851,342	825,442	821,467
	1,629,806	1,125,041	1,056,980	990,389	1,059,219	1,165,878
	2,242,784	1,740,479	1,788,351	1,841,731	1,884,661	1,987,344
	18,257,826	18,668,252	19,072,346	19,451,227	21,759,074	21,935,987
	20,116	14,709	12,975	14,131	11,694	33,139
	560,737	734,187	812,878	538,139	741,068	728,416
	900,532	1,040,820	1,189,208	832,221	1,162,231	877,404
	149,392	309,527	233,418	128,693	153,696	176,726
	675,950	2,059,055	1,362,375	1,406,191	808,864	927,679
	620,088	627,814	673,140	164,331	716,695	671,004
	1,442,938	3,882,579	4,707,002	24,451,025	6,394,403	1,384,745
	4,369,753	8,668,691	8,990,996	27,534,731	9,988,651	4,799,113
	948,030	1,038,247	1,181,664	1,167,564	1,246,787	1,311,972
	1,323,279	942,592	925,368	887,660	891,270	1,099,909
	-	26,352	101,775	124,130	-	50,000
	-	134,246	-	49,030	3,755,899	210,059
	-	-	29,143	-	-	-
	2,271,309	2,141,437	2,237,950	2,228,384	5,893,956	2,671,940
	6,641,062	10,810,128	11,228,946	29,763,115	15,882,607	7,471,053
	(11,645,289)	(8,259,082)	(8,292,999)	9,925,235	(9,885,761)	(15,149,530)
	28,525	400,958	449,599	386,653	4,009,295	684,596
\$	(11,616,764)	\$ (7,858,124)	\$ (7,843,400)	\$ 10,311,889	\$ (5,876,467)	\$ (14,464,935)

City of Maple Valley
Changes in Net Position
Last Ten years
(accrual basis of accounting)

	2006	2007	2008	2009
General Revenue and Other Changes in Net Position				
Governmental Activities				
Taxes				
Regular Property Taxes	\$ 2,351,509	\$ 2,547,157	\$ 2,678,139	\$ 2,971,125
Sales Taxes	2,258,415	2,313,211	2,119,678	1,865,487
Utility Taxes	520,273	573,486	597,819	608,851
Excise Taxes in Lieu of Property Tax	-	-	-	-
Other Taxes	1,880,733	1,252,081	761,174	528,117
Gambling Taxes	30,446	36,555	39,204	38,373
Franchise Fees (Taxes)	191,178	221,845	241,080	251,766
Intergovernmental Revenue not restricted to specific programs				
State Shared Revenue	290,987	332,767	301,277	321,301
Miscellaneous Revenue				
Investment Earnings	499,058	382,992	262,532	75,708
Other Miscellaneous Revenue	8,243	6,372	11,817	7,263
Insurance Recoveries	-	-	-	-
Transfers	(4,491,689)	99,170	(63,529)	(82,945)
Total Governmental Activities	3,539,153	7,765,636	6,949,191	6,585,046
Business-Type Activities				
Non Operating Revenue				
Intergovernmental Revenue	-	15,776	4,833	70,167
Investment Earnings	60,490	86,962	60,812	20,449
Other Miscellaneous Revenue and (Expenses)	(344)	1,444	1,709	1,505
Transfers	4,491,689	(99,170)	63,529	82,945
Total Business-Type Activities	4,551,835	5,012	130,883	175,066
Total Primary Government	8,090,988	7,770,648	7,080,074	6,760,112
Change in Net Position Before Extraordinary Items				
Governmental Activities	(2,315,020)	1,131,835	24,733,475	38,250,900
Business-Type Activities	5,204,650	87,221	422,900	645,876
Total Primary Government	2,889,630	1,219,056	25,156,375	38,896,776
Extraordinary Items				
Governmental Activities				
Capital Contributions	734,051	49,492,697	(4,742,681)	-
Total Governmental Activities	734,051	49,492,697	(4,742,681)	-
Business-Type Activities				
Capital Contributions	-	578,038	-	-
Total Business-Type Activities	-	578,038	-	-
Total Primary Government	734,051	50,070,735	(4,742,681)	-
Change in Net Position				
Governmental Activities	(1,580,969)	50,624,532	19,990,794	38,250,900
Business-Type Activities	5,204,650	665,259	422,900	645,876
Total Primary Government	3,623,681	51,289,791	20,413,694	38,896,776
Net Position, January 1	261,324,367	264,948,048	316,237,839	336,651,533
Change in Accounting Principles	-	-	-	-
Prior Period Adjustment	-	-	-	-
Net Position, December 31	\$ 264,948,048	\$ 316,237,839	\$ 336,651,533	\$ 375,548,309

Source:

Applicable years' comprehensive annual financial report.

	2010	2011	2012	2013	2014	2015
\$	3,049,990	\$ 3,139,117	\$ 3,200,310	\$ 3,312,283	\$ 3,489,468	\$ 3,579,149
	1,942,926	2,100,009	2,528,876	2,676,444	3,036,207	3,336,309
	745,107	1,632,226	1,698,866	1,730,053	1,956,726	1,981,568
	-	-	-	173,663	345,219	364,041
	686,659	551,843	1,043,963	801,022	1,152,583	1,577,332
	43,419	37,520	38,828	45,920	51,873	68,085
	283,261	284,567	308,231	327,210	344,061	309,123
	372,712	322,564	379,185	319,931	353,994	386,439
	107,909	79,202	46,784	55,815	58,850	115,482
	9,957	12,760	8,847	-	15,110	22,013
	-	-	-	-	8,269	-
	(177,783)	647,304	137,212	459,006	130,156	341,422
	7,064,157	8,807,112	9,391,102	9,901,347	10,942,516	12,080,963
	110,354	-	-	-	-	-
	36,269	34,957	19,583	20,561	13,249	31,706
	1,946	3,703	2,757	34,612	83	(213)
	177,783	(647,304)	(7,858)	(459,006)	(130,156)	(341,422)
	326,352	(608,644)	14,482	(403,833)	(116,825)	(309,929)
	7,390,509	8,198,468	9,405,584	9,497,514	10,825,691	11,771,034
	(4,581,132)	548,030	1,098,103	19,826,582	1,056,755	(3,068,568)
	354,877	(207,686)	464,081	(17,180)	3,892,469	374,667
	(4,226,255)	340,344	1,562,184	19,809,402	4,949,224	(2,693,901)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	(4,581,132)	548,030	1,098,103	19,826,582	1,056,755	(3,068,568)
	354,877	(207,686)	464,081	(17,180)	3,892,469	374,667
	(4,226,255)	340,344	1,562,184	19,809,402	4,949,224	(2,693,901)
	375,548,309	371,322,054	371,662,398	373,055,503	392,860,280	397,809,504
	-	-	-	-	-	(2,596,497)
	-	-	(169,079)	(4,625)	-	-
\$	371,322,054	\$ 371,662,398	\$ 373,055,503	\$ 392,860,280	\$ 397,809,504	\$ 392,519,106

City of Maple Valley
Changes in Fund Balances - Governmental Funds (modified accrual basis of accounting)

Last Ten Years
 (modified accrual basis of accounting)

	2006	2007	2008	2009
REVENUES				
Taxes				
Regular Property Tax	\$ 2,351,509	\$ 2,547,157	\$ 2,678,139	\$ 2,971,125
Sales Tax	2,258,415	2,313,211	2,119,678	1,865,487
Utility Tax	520,273	573,486	597,819	608,851
Excise Taxes in Lieu of Property Tax	-	-	-	-
Real Estate Excise Tax	1,880,733	1,252,081	761,174	528,117
Gambling Tax	30,446	36,555	39,204	38,373
Total Taxes	7,041,376	6,722,490	6,196,014	6,011,953
Licenses & Permits	871,014	655,476	551,741	510,479
Intergovernmental Revenue	4,652,946	5,103,822	2,852,527	1,915,853
Charges for Service	2,273,067	2,042,708	1,849,256	1,222,983
Fines & Forfeitures	92,810	77,701	110,401	105,261
Miscellaneous Revenue	1,059,597	935,003	751,135	391,408
TOTAL REVENUES	15,990,810	15,537,200	12,311,074	10,157,937
Percent Growth	33%	-3%	-21%	-17%
EXPENDITURES				
Current				
General Government	1,399,934	1,641,869	1,965,539	1,899,627
Economic Environment (Comm. Development)	819,959	850,330	952,929	987,742
Human Services ¹	171,770	212,019	200,799	220,294
Mental & Physical Health ¹	-	-	-	-
Culture & Recreation	1,109,681	1,424,527	1,366,646	1,387,051
Public Safety	2,132,254	2,294,699	2,331,111	2,376,542
Transportation (Public Works)	890,639	974,976	1,282,523	1,328,019
Utilities and Environment ¹	-	-	-	-
Capital Outlay	7,017,380	8,223,123	2,433,960	2,083,767
Debt Service				
Principal	369,803	418,595	474,668	524,621
Interest on Long-term Debt	288,814	282,200	285,170	276,956
TOTAL EXPENDITURES	14,200,234	16,322,338	11,293,345	11,084,619
Percent Growth	51%	15%	-31%	-2%
REVENUES OVER (UNDER) EXPENDITURES	1,790,576	(785,138)	1,017,729	(926,682)
OTHER FINANCING SOURCES (USES)				
Issuance of General Obligation Bonds	-	1,396,500	479,250	-
Issuance of Refunding Bonds	-	-	-	-
Payment to Refunding Escrow Agent	-	-	-	-
Transfer In from (Out to) Enterprise Funds	(4,491,689)	99,170	(31,561)	267,055
Insurance Recoveries	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(4,491,689)	1,495,670	447,689	267,055
REVENUE AND OTHER SOURCES OVER (UNDER)	(2,701,113)	710,532	1,465,418	(659,627)
FUND BALANCE, January 1	14,274,910	11,573,797	12,284,329	13,749,747
Prior Period Adjustment	-	-	-	-
FUND BALANCE, December 31				
Nonspendable - General Fund	11,871	12,267	15,815	37,517
Restricted - Special Revenue Funds	9,043,827	8,994,595	10,904,549	10,439,971
Committed - Capital Improvement Plan	-	-	-	-
Assigned - General Fund	-	-	-	-
Unassigned - General Fund	2,518,099	3,277,467	2,829,383	2,612,632
TOTAL	\$ 11,573,797	\$ 12,284,329	\$ 13,749,747	\$ 13,090,120
Debt Service as % on non Capital Expenditures	9%	9%	9%	9%
Unassigned Fund Balance as % of Current Expenditures	39%	44%	35%	32%
Total Fund Balance as % of Total Expenditures	82%	75%	122%	118%

Source: Applicable years' comprehensive annual financial report.

¹Beginning in 2013 the City reported expenditures for Human Service Grants and Waste Reduction and Recycling separately as Mental and Physical Health and Utilities and Environment respectively. Prior to 2013 these expenditures were reported jointly as Human Services.

	2010	2011	2012	2013	2014	2015
\$	3,049,990	\$ 3,139,117	\$ 3,200,310	\$ 3,312,283	\$ 3,489,468	\$ 3,579,149
	1,942,926	2,100,009	2,528,876	2,676,444	3,036,207	3,336,309
	745,107	1,632,226	1,698,866	1,730,053	1,956,726	1,981,568
	-	-	-	173,663	345,219	364,041
	686,659	551,843	1,043,963	801,022	1,152,583	1,577,332
	43,419	37,520	38,828	45,920	51,873	68,085
	6,468,101	7,460,715	8,510,843	8,739,384	10,032,076	10,906,484
	637,548	782,423	861,982	625,668	948,972	929,695
	2,426,341	1,515,257	3,085,412	1,704,407	1,112,553	2,210,998
	1,453,902	3,066,003	2,428,849	1,687,780	1,745,764	1,556,472
	106,404	176,372	153,605	96,381	87,858	100,983
	503,013	488,306	424,707	404,965	540,626	576,543
	11,595,309	13,489,076	15,465,398	13,258,584	14,467,849	16,281,174
	14%	16%	15%	-14%	9%	13%
	1,936,460	1,819,336	2,004,745	2,211,505	2,258,726	2,272,577
	910,052	956,631	1,123,179	978,415	1,086,990	997,054
	273,033	217,842	232,840	-	-	-
	-	-	-	30,000	30,000	35,000
	1,584,388	1,584,155	1,680,423	2,114,097	2,173,522	2,186,737
	2,714,104	3,557,118	3,851,964	3,881,719	4,015,425	4,046,669
	1,313,601	1,302,269	1,460,712	1,076,374	1,539,329	1,581,392
	-	-	-	137,236	153,591	103,682
	3,030,870	3,950,040	2,970,732	2,419,678	2,832,443	3,269,273
	544,621	559,621	579,621	589,621	704,621	814,621
	216,558	197,475	181,551	164,829	197,463	139,682
	12,523,687	14,144,487	14,085,767	13,603,472	14,992,111	15,446,685
	13%	13%	0%	-3%	10%	3%
	(928,378)	(655,411)	1,379,631	(344,887)	(524,262)	834,489
	-	-	-	-	1,530,000	-
	-	-	-	-	-	3,022,980
	-	-	-	-	-	(2,975,277)
	(177,783)	647,304	46,893	435,717	130,156	341,422
	-	-	-	-	8,269	-
	(177,783)	647,304	46,893	435,717	1,668,425	389,125
	(1,106,161)	(8,107)	1,426,524	90,829	1,144,163	1,223,614
	13,090,120	11,983,959	11,975,852	13,402,377	13,493,207	14,632,746
	-	-	-	-	(4,625)	-
	47,311	37,019	5,000	9,575	55,171	53,944
	9,900,220	9,105,966	10,389,134	10,364,060	11,013,780	11,260,321
	-	-	19,025	19,025	19,025	19,025
	-	-	-	600,385	439,368	1,117,268
	2,036,428	2,832,867	2,989,217	2,500,162	3,105,401	3,405,803
	\$ 11,983,959	\$ 11,975,852	\$ 13,402,376	\$ 13,493,206	\$ 14,632,746	\$ 15,856,361
	8%	7%	7%	7%	7%	8%
	23%	30%	29%	24%	28%	30%
	96%	85%	95%	99%	98%	103%

**City of Maple Valley
Property Tax Data
Last Ten Years**

	2006	2007	2008	2009
ASSESSED VALUE				
Assessed Value (2)	2,015,609,742	2,293,057,004	2,579,005,968	2,446,394,927
Increase (Decrease) in Assessed Valuation	12%	14%	12%	-5%
Includes Local New Construction of	128,460,703	84,356,197	51,762,393	45,038,436
Includes Increase in Public Utility Value	-	2,261,297	-	-
Total New Construction	128,460,703	86,617,494	51,762,393	45,038,436
PROPERTY TAX RATES (1)				
Direct Regular and Special				
City of Maple Valley	1.31	1.26	1.17	1.08
Overlapping Regular and Special				
State School Fund	2.50	2.33	2.13	1.96
King County General	1.33	1.29	1.21	1.10
Port of Seattle	0.23	0.23	0.22	0.20
Emergency Medical Services (EMS)	0.22	0.21	0.30	0.27
Ferry District			0.06	0.05
King County Flood District			0.10	0.09
Rural Library District	0.53	0.50	0.45	0.42
Tahoma School District Special Levy	2.47	2.46	2.32	2.22
Tahoma School District Bond & Bldg	1.21	1.71	1.55	1.44
Fire District # 43	1.61	1.67	1.57	1.45
Sub Total Overlapping	10.09	10.40	9.91	9.20
Total Property Tax Levy	11.41	11.66	11.08	10.27
PROPERTY TAXES LEVIED AND COLLECTED (1)				
Property Taxes Levied				
Original Levy (2)	2,353,676	2,547,157	2,680,754	2,975,484
Adjustments	(1,231)	776	(1,063)	(244)
Revised Levy	2,352,445	2,547,934	2,679,691	2,975,240
Percent of Levy Change from Prior Year (PY)	9.0%	8.3%	5.2%	11.0%
% of Levy related to New Construction & Annexation	8.0%	7.3%	4.2%	10.0%
Property Taxes Collected				
Collections as of the End of the Levy Year	2,313,515	2,493,940	2,610,891	2,914,436
Percent Collected as of the End of the Levy Year	98.3%	97.9%	97.4%	98.0%
Collections in Subsequent Years	38,930	53,995	68,800	60,791
Total Collections to Date	2,352,445	2,547,935	2,679,691	2,975,227
Percent Collected to Date	100.0%	100.0%	100.0%	100.0%
Current Amount Outstanding	-	(2)	0	13
Percent of Current Amount Outstanding by Year	0.0%	0.0%	0.0%	0.0%
Single Family Residential (SFR) Property Taxes				
Average Value of SFR	357,241	364,409	346,837	300,261
Percent Change from Prior Year (PY)	25.3%	2.0%	-4.8%	-13.4%
City Share of Property Taxes per SFR on PY Value	374	452	426	373
Total Property Taxes per SFR on PY Value	3,252	4,166	4,038	3,563
Percent Change from Prior Year (PY)	6.5%	28.1%	-3.1%	-11.8%

(1) Tax rates are expressed in terms of dollars of tax per thousand dollars of assessed value. Tax rates are applied to previous year's assessed value to determine levy amount. Tax rates are for majority of City property tax parcels. Less than 5% of City parcels are in Public Hospital District #1 with an additional levy rate of \$.50 per \$1,000 of assessed valuation.

(2) 2009 includes the annexation of Maple Ridge with an initial assessed valuation of \$262,137,000 and tax levy of \$341,046.

Source:
King County Assessor's Office.

2010	2011	2012	2013	2014	2015
2,437,805,896	2,296,106,212	2,143,931,000	2,332,474,360	2,834,060,029	3,033,278,836
0%	-6%	-7%	9%	22%	7%
34,004,314	26,605,677	57,519,249	41,846,659	48,994,139	43,361,321
3,740,931	-	2,315,419	1,405,704	3,853,445	1,752,284
37,745,245	26,605,677	59,834,668	43,252,363	52,847,584	45,113,605
1.25	1.29	1.38	1.55	1.47	1.25
2.22	2.28	2.42	2.57	2.47	2.29
1.28	1.34	1.42	1.54	1.52	1.35
0.22	0.22	0.23	0.23	0.22	0.19
0.30	0.30	0.30	0.30	0.34	0.30
0.00	0.00	0.00	0.00	0.00	0.00
0.11	0.11	0.12	0.13	0.15	0.14
0.49	0.57	0.57	0.57	0.56	0.50
2.74	3.39	3.54	3.95	3.73	3.26
1.70	1.89	2.05	2.30	3.48	2.91
1.72	1.62	1.72	1.74	1.86	1.94
10.78	11.72	12.36	13.34	14.33	12.87
12.03	13.01	13.75	14.89	15.79	14.11
3,059,587	3,142,481	3,205,605	3,320,019	3,419,695	3,526,601
(4,085)	(3,267)	(2,477)	(4,709)	(2,063)	(1,823)
3,055,503	3,139,214	3,203,128	3,315,310	3,417,632	3,524,778
2.7%	2.7%	2.0%	3.5%	3.1%	3.1%
1.7%	1.7%	1.0%	2.5%	2.1%	2.1%
2,989,404	3,085,616	3,161,830	3,275,835	3,383,155	3,486,014
97.8%	98.3%	98.7%	98.8%	99%	99%
65,937	53,516	40,030	34,935	23,825	-
3,055,341	3,139,132	3,201,860	3,310,770	3,406,980	3,486,014
100.0%	100.0%	100.0%	99.9%	100%	99%
161	82	1,268	4,540	10,652	38,764
0.3%	0.1%	2.3%	8.2%	19.2%	69.9%
302,814	275,667	278,251	307,586	364,359	385,315
0.9%	-9.0%	0.9%	10.5%	18.5%	5.8%
375	391	382	431	451	455
3,613	3,941	3,789	4,142	4,858	5,143
1.4%	9.1%	-3.8%	9.3%	17.3%	5.9%

City of Maple Valley
Sales Tax Data
Last Ten Years

	SIC	2006	2007	2008	2009
	Group				
Sales Tax Revenue (Locally generated) (1)					
Retail Trade	441-454	\$ 566,306	\$ 591,788	\$ 575,516	\$ 559,551
Construction	236-238	576,577	503,399	376,299	235,090
Food Services, Drinking Places	722	175,413	176,899	176,353	165,598
Wholesale Trade	423-425	110,603	119,020	100,462	88,004
Telecommunication	517	74,846	80,193	80,524	78,691
Other Services	811-814	41,362	52,180	51,633	60,605
Public Administration	921-926	48,402	76,637	62,532	45,587
Administrative and Support Services	561-562	56,009	82,943	53,296	37,830
Professional, Scientific & Technical Services	541	15,982	23,772	20,446	27,336
Rental & Leasing	532	55,800	73,537	69,803	42,512
Manufacturing	311-339	25,006	13,898	21,651	26,429
Arts Entertainment & Recreation	711-713	26,016	18,443	32,936	21,480
Finance and Insurance	521-525	30,294	27,820	18,814	15,395
All Other		50,815	2,663	3,093	42,389
		\$ 1,853,431	\$ 1,843,192	\$ 1,643,358	\$ 1,446,497
Overall Annual Percent Growth		10%	-1%	-11%	-12%
Construction Percent Growth		4%	-13%	-25%	-38%
Non Construction Percent Growth		12%	5%	-5%	-4%

(1) Locally generated grouped by Standard Industrial Code (SIC). Additional sales tax is generated county-wide and distributed based on population for criminal justice

Source:
Washington State Department of Revenue.

	2010	2011	2012	2013	2014	2015	% of 2015	
\$	568,584	\$ 613,889	\$ 797,120	\$ 888,774	\$ 981,093	\$ 1,065,462	39%	
	263,506	330,561	471,520	411,819	524,425	635,660	23%	
	180,369	177,852	222,657	266,971	289,384	326,878	12%	
	77,753	89,395	122,330	115,814	139,386	130,116	5%	Building Suppliers
	78,669	83,542	87,401	109,663	128,029	125,248	5%	
	76,875	77,812	79,971	83,850	85,284	94,316	3%	Auto Services
	53,574	51,183	51,787	57,173	62,148	69,761	3%	State licensing, City of MV
	40,132	42,808	51,642	53,004	56,781	68,493	3%	Landscaping
	26,023	22,355	24,662	36,080	37,494	32,624	1%	
	36,409	28,450	27,909	36,002	35,982	47,465	2%	Equip Leasing, Videos
	25,933	32,475	41,243	31,856	42,984	41,106	2%	Construction Accessories
	23,706	25,177	27,657	29,787	32,265	25,619	1%	Golf Courses, Fitness
	14,290	10,665	12,147	15,957	18,358	24,843	1%	
	40,331	56,678	36,743	21,584	35,016	29,319	1%	
\$	1,506,154	\$ 1,642,842	\$ 2,054,789	\$ 2,158,334	\$ 2,468,629	\$ 2,716,910	100%	
	4%	9%	25%	5%	14%	10%		
	12%	25%	43%	-13%	27%	21%		
	3%	6%	21%	10%	11%	7%		

**City of Maple Valley
Private Development Activity
Last Ten Years**

	Type	Lots	Sq Ft	Preliminary		Housing Units				
				Plat Approved	Project Completed	2006	2007	2008	2009	2010
Projects Completed in 2015										
Arbors @ Rock Creek, Phase 1	SF	44		Jul-07	Feb-15					
Arbors @ Rock Creek, Phase 2	SF	34		Jul-07	Mar-15					
Four Corners Square Bldg L (Covenant Bldg)	NC		5,600	Sep-15						
Four Corners Square Panera Bread	NC		4,200	Sep-15						
Total Projects Completed in 2015	4	78	9,800			-	-	-	-	-
City Approved Projects In Progress										
Ridge @ Lake Wilderness	SF	11		Feb-05			4			1
Mystic Meadows / Rock Creek Reserve	SF	25		Sep-06						
Arbors @ Rock Creek, Phase 3	SF	48		Jul-07						
Arbors @ Rock Creek, Phase 4	SF	9		Jul-07						
Jordan's Crossing	SF	15		Jul-07						
South Fork Maple Plat	SF	10		Jul-07						
Malloy	SF	44		Oct-07						
Wilderness Hills 3	SF	22		Dec-07						
Sun Ridge @ Elk Run 4 Division 1	SF	59		Jun-12						
Sun Ridge @ Elk Run 4 Division 2	SF	6		Sep-12						
Terrace at Maple Woods	SF	35		Apr-14						
Yellow Rock Road	SF	6		Apr-14						
Shavano Park	SF	51								
Hope Fellowship	NC		-							
Tahoma High School	NC		-							
St. George Episcopal	NC		-							
MV Chevron Carwash	NC		-							
Other/Previously Approved Plats	SF	41				6	8	1	4	2
Total Projects In Progress	20	382	-			6	12	1	4	3
Projects Completed in Last 9 Years	67	1,803	581,932			263	136	97	89	122
Completed in Last 10 Years and in Progress	91	2,263	591,732			269	148	98	93	125
Last Ten Years						269	417	515	608	733

FR Single (SF) & Multi Family (MF) Residential
 NC New Commercial
Source:
 King County Assessor's Office

Housing Units					SFR	Approved	SFR
2011	2012	2013	2014	2015	Preliminary Plat Lots	Engineering	Recorded Plat Lots
		1	42	1			-
			33	1			-
-	-	1	75	2	-	-	-

Arbors @ Rock Creek, Phase 1
Arbors @ Rock Creek, Phase 2
Four Corners Square Bldg L (Covenant Bldg)
Four Corners Square Panera Bread

City Approved Projects In Progress

	1	1	2	-			2
			4	18			3
				-		48	-
				-		9	-
	1	13	-	-	10		1
				-	44		-
				-	22		-
			4	-			55
			-	-	6		-
			6	-			29
			-	-		6	-
			-	-	-		-
-	4	7	6	3			-
-	5	9	25	31	82	63	90
156	154	66	69	-	-		
156	159	76	169	33	82		
889	1,048	1,124	1,293	1,326			

Ridge @ Lake Wilderness
Mystic Meadows / Rock Creek Reserve
Arbors @ Rock Creek, Phase 3
Arbors @ Rock Creek, Phase 4
Jordan's Crossing
South Fork Maple Plat
Malloy
Wilderness Hills 3
Sun Ridge @ Elk Run 4 Division 1
Sun Ridge @ Elk Run 4 Division 2
Terrace at Maple Woods
Yellow Rock Road
Shavano Park
Hope Fellowship
Tahoma High School
St. George Episcopal
MV Chevron Carwash
Other/Previously Approved Plats
Total Projects In Progress

Current as of December 31, 2015

**City of Maple Valley
Principal Property Taxpayers & Employers
Current and Nine Years Prior**

Taxpayer	Type	2006			2015		
		Assessed Valuation	Rank	% of AV	Assessed Valuation	Rank	% of AV
Four Corners Northeast LFP	Developer				49,078,500	1	25.0%
Four Corners LLC	Retail	18,401,200			29,189,900	2	14.8%
Wilderness Village Apartments	Apartments	17,190,000			23,346,200	3	11.9%
KRG Four Corner Square LLC	Developer				23,714,800	4	12.1%
Puget Sound Energy	Utility	7,665,863			20,707,895	5	10.5%
Hogate Properties	Retail	7,214,300			12,686,000	6	6.5%
NW Apartment Portfolio II	Apartments	11,478,000			12,312,600	7	6.3%
CMBA No. 6/7	Retail	4,967,761			11,068,300	8	5.6%
Wilderness Village Properties	Retail	6,445,000			9,465,100	9	4.8%
Schneider Homes	Developer	1,914,000			5,001,800	10	2.5%
Nickel & Company LLC	Retail	4,988,765					
		3,039,200					
Subtotal - Ten Largest Taxpayers		83,304,089			196,571,095		
All Other City Taxpayers		1,932,305,653			2,836,707,741		
Total City Taxpayers		\$ 2,015,609,742			\$ 3,033,278,836		

Major Employers ⁽¹⁾		2015 Employees
Tahoma School District	Government	840
Fred Meyer	Retail	245
Safeway	Retail	121
Quality Food Centers	Retail	73
HopJacks	Retail	70
JR Hayes & Sons, Inc	Construction	61
MV Fire & Life Safety	Government	54
Johnson's Home & Garden	Retail	47
City of Maple Valley	Government	42
Multicare	Health	22

(1) Information on major employers was not reported by the City prior to 2008, so comparative data not available.

Source: King County Assessor's Office

City of Maple Valley
 Computation of Legal Debt Margin
 December 31, 2015

	Assessed Value	Rate	Debt Capacity	Debt Outstanding	Debt Margin	
					Dollars	%
ASSESSED VALUE	\$ 3,033,278,836					
GENERAL PURPOSES						
Non-Voted Only						
Maximum Debt as a percent of Assessed Value		1.5%				
Non-Voted General Obligation Debt Capacity			\$ 45,499,183			
Less: Outstanding Non-Voted Debt				\$ 5,301,589		
Remaining Non-Voted Debt Capacity					\$ 40,197,594	88%
Total Voted and Non Voted						
Maximum Debt as a percent of Assessed Value		2.5%				
Voted General Obligation Debt Capacity			75,831,971			
Less: Outstanding Voted Debt				-		
Less: Outstanding Non-Voted Debt				5,301,589		
Remaining Voted Debt Capacity					70,530,382	93%
TOTAL GENERAL PURPOSES			75,831,971	5,301,589	70,530,382	93%
UTILITY PURPOSES						
Voted						
Maximum Debt as a percent of Assessed Value		2.5%				
Voted General Obligation Debt Capacity			75,831,971			
Less: Outstanding Voted Debt				-		
Remaining Voted Debt Capacity					75,831,971	
TOTAL UTILITY PURPOSES			75,831,971	-	75,831,971	100%
PARKS AND OPEN SPACE AND CAPITAL FACILITIES ASSOCIATED WITH ECONOMIC DEVELOPMENT						
Voted						
Maximum Debt as a percent of Assessed Value		2.5%				
Voted General Obligation Debt Capacity			75,831,971			
Less: Outstanding Voted Debt				-		
Remaining Voted Debt Capacity					75,831,971	
PARKS AND OPEN SPACE AND CAPITAL FACILITIES ASSOCIATED WITH ECONOMIC DEVELOPMENT			75,831,971	-	75,831,971	100%
TOTAL CAPACITY			\$ 227,495,913			
CAPACITY UTILIZED				\$ 5,301,589		
LEGAL DEBT MARGIN					\$ 222,194,324	98%

Source:
 King County Assessor's Office.

**City of Maple Valley
 Computation of Direct and Overlapping Debt
 December 31, 2015**

	Assessed Valuation	Debt	Percent Applicable to Maple Valley	Debt Applicable to Maple Valley
DIRECT DEBT				
City of Maple Valley	\$ 3,033,278,836			
General Obligation Bonds Payable		\$ 3,640,000		
Other General Obligation Debt		1,661,589		
Total General Long Term Debt		<u>5,301,589</u>		
Net Direct Debt		<u>\$ 5,301,589</u>	100.0%	<u>\$ 5,301,589</u>
OVERLAPPING DEBT				
King County	\$ 388,118,855,592	\$ 829,126,323	0.73%	\$ 6,054,315
Port of Seattle	388,118,855,592	305,535,000	0.73%	2,231,029
King County Library District	241,105,354,992	109,205,000	1.18%	1,283,644
Kent School District	18,680,289,494	141,219,997	0.13%	187,668
Tahoma School District	5,077,164,128	101,720,000	55.33%	56,282,494
Fire District # 43	5,071,707,486	<u>2,010,000</u>	55.88%	<u>1,123,184</u>
Total net overlapping debt		<u>1,488,816,320</u>		<u>67,162,334</u>
Total net direct and overlapping debt		<u><u>\$ 1,494,117,909</u></u>		<u><u>\$ 72,463,923</u></u>

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Maple Valley. The applicable percentage is determined by the ratio of assessed valuation of taxable property in the overlapping unit to the valuation of property subject to taxation by the City of Maple Valley. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source:

King County Assessor's Office, other governmental units, and the City of Maple Valley's Finance Department.

**City of Maple Valley
Comparative Regional Statistics
2010 Census Bureau Data (1)**

	City of Maple Valley	State of Washington	King County
Population	24,230	6,724,543	1,931,262
Median Age	34.2	37.3	37.1
Median Household Income	\$ 96,462	\$ 59,478	\$ 71,811
Unemployment Rate (2)	4.30%	6.30%	4.20%
Persons under 18 years	41%	29%	27%
Bachelor's Degree or higher, % age 25+	35%	32%	47%

	Neighboring Cities of			
	Auburn	Kent	Renton	Covington
Population	70,180	92,411	90,927	17,575
Median Age	34.4	33.0	35.2	34.7
Median Household Income	\$ 55,483	\$ 57,553	\$ 64,141	\$ 90,280
Unemployment Rate (2)	9.20%	9.60%	8.80%	8.40%
Persons under 18 years	33%	34%	31%	35%
Bachelor's Degree or higher, % age 25+	22%	25%	31%	28%

Source:

(1) Information obtained from US Census Bureau except as noted

(2) Unemployment Rates from Employment Security for State and County for 2010. City unemployment rates are as of September, 2011

	2006	2007	2008	2009
Population (April 1)	19,140	20,020	20,480	20,840
Unemployment Rate (King County) (1)	3.8%	3.6%	5.6%	8.4%
Personal Income (Estimate)				
Median Household Income Estimate (King County) (1)	63,745	65,489	67,027	65,877
Persons per Household	2.95	2.96	2.96	2.96
Per Capita Personal Income	21,608	22,125	22,644	22,256
Other Demographic Statistics				
Age				
17 and Under				
Over 64				
Age 25 and older Bachelor's Degree and higher				
Household Income over \$100,000				
Owner Occupied Housing Units				
Owner Occupied Housing Unit Values over \$300,000				
Assessed Valuation	\$ 2,015,609,742	\$ 2,293,057,004	\$ 2,579,005,968	\$ 2,446,394,927
Net Direct Bonded Debt	\$ 7,186,447	\$ 8,164,447	\$ 8,168,935	\$ 7,644,314
Net Overlapping Debt	32,768,001	32,550,412	33,469,125	29,521,592
Total Net Direct & Overlapping Debt	<u>\$ 39,954,448</u>	<u>\$ 40,714,859</u>	<u>\$ 41,638,060</u>	<u>\$ 37,165,906</u>
City Employees	38.20	39.20	38.10	38.00
City and Contract Employees	50.99	51.77	50.58	50.59
Ratios				
Assessed value per capita	\$ 105,309	\$ 114,538	\$ 125,928	\$ 117,389
Net direct bonded debt per capita	\$ 375	\$ 408	\$ 399	\$ 367
Net direct and overlapping debt per capita	\$ 2,087	\$ 2,034	\$ 2,033	\$ 1,783
Ratio of net direct debt/capita to per capita personal income	1.7%	1.8%	1.8%	1.6%
Ratio of net total debt/capita to per capita personal income	9.7%	9.2%	9.0%	8.0%
Ratio of net direct bonded debt to assessed value	0.4%	0.4%	0.3%	0.3%
Ratio of net direct & overlapping debt to assessed value	2.0%	1.8%	1.6%	1.5%
City employees per 1000 population	2.0	2.0	1.9	1.8
City and Contract Employees 1000 population	2.7	2.6	2.5	2.4

Source:

(1) State of Washington Office of Financial Management

(2) Hebert Research, Inc City of Maple Valley Residential Profile

2010	2011	2012	2013	2014	2015
22,684	22,930	23,340	23,910	24,230	24,700
8.2%	7.2%	6.1%	5.2%	4.2%	5.2%
65,383	66,294	68,313	70,365	71,811	78,657
2.96	2.96	2.96	2.96	2.96	2.96
22,089	22,397	23,079	23,772	24,260	26,573
	31.4%		32.3%	32.0%	38.2%
	6.5%		6.6%	7.5%	6.6%
	37.4%		41.1%	34.7%	40.7%
	37.0%		29.7%	47.4%	49.5%
84.7%			84.6%	85.5%	80.3%
	53.8%		56.8%	71.0%	81.2%
\$ 2,437,805,896	\$ 2,296,106,212	\$ 2,143,931,000	\$ 2,332,474,360	\$ 2,834,060,029	\$ 3,033,278,836
\$ 7,099,693	\$ 6,540,072	\$ 5,960,451	\$ 5,370,830	\$ 5,301,589	\$ 5,301,589
32,266,926	26,209,775	24,258,742	72,813,764	67,162,334	67,162,334
\$ 39,366,619	\$ 32,749,847	\$ 30,219,193	\$ 78,184,594	\$ 72,463,923	\$ 72,463,923
39.30	39.80	41.05	40.05	40.00	42.75
53.29	57.15	59.40	58.40	58.35	61.10
\$ 107,468	\$ 100,135	\$ 91,857	\$ 97,552	\$ 116,965	\$ 122,805
\$ 313	\$ 285	\$ 255	\$ 225	\$ 219	\$ 215
\$ 1,735	\$ 1,428	\$ 1,295	\$ 3,270	\$ 2,991	\$ 2,934
1.4%	1.3%	1.1%	0.9%	0.9%	0.8%
7.9%	6.4%	5.6%	13.8%	12.3%	11.0%
0.3%	0.3%	0.3%	0.2%	0.2%	0.2%
1.6%	1.4%	1.4%	3.4%	2.6%	2.4%
1.7	1.7	1.8	1.7	1.7	1.7
2.3	2.5	2.5	2.4	2.4	2.5

**City of Maple Valley
Full Time Employee Equivalent History
Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Employee Data									
City Employees									
City Manager	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Human Resources	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75
City Clerk	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
City Attorney	1.00	1.00	1.00	1.00	1.00	1.00			
Community Development	8.00	8.00	9.00	8.00	8.00	8.00	7.00	7.00	7.00
Finance	3.70	3.50	3.50	3.80	3.80	3.80	3.80	4.00	4.00
Information Technology & GIS	1.00	1.00	1.00	1.50	1.50	1.50	2.50	3.00	3.00
Parks & Recreation	5.50	4.60	5.00	5.00	5.00	6.00	6.00	8.25	10.00
Public Safety	1.00	1.00	1.00	1.00	2.00	2.00	1.00	1.00	1.00
Public Works	11.50	11.50	10.00	12.50	12.00	12.00	13.00	10.00	11.00
Total City Employees	39.20	38.10	38.00	39.30	39.80	41.05	40.05	40.00	42.75
Contractees									
City Attorney							1.00	1.00	1.00
Prosecuting Attorney	0.40	0.40	0.40	0.35	0.35	0.35	0.35	0.35	0.35
Municipal Court Judge	0.09	0.09	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Court Clerks	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Police									
Police Chief	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police Sergeant				1.00	1.00	1.00	1.00	1.00	1.00
Detective	0.58	0.59	0.44	0.74	1.00	3.00	3.00	3.00	3.00
Police Officers (1)	9.00	9.00	9.00	9.00	12.00	11.00	11.00	11.00	11.00
Information Services Consultant	0.60	0.50	0.75	0.90	1.00	1.00			
Total Contractees	12.57	12.48	12.59	13.99	17.35	18.35	18.35	18.35	18.35
Total Full Time Equivalent Employees	51.77	50.58	50.59	53.29	57.15	59.40	58.40	58.35	61.10

Source:
City budget document and personnel records.

City of Maple Valley
Operating Indicators by Function
Last Ten Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Community Development										
Single Family Residential Permits	269	148	98	93	125	156	159	76	169	33
Total Inspections	9,254	4,595	3,712	2,616	3,234	4,529	5,235	3,230	4,981	3,133
Parks & Recreation										
Events at Lake Wilderness Lodge	290	656	835	725	964	1,086	1,183	1,269	1,569	1,788
Park Rentals & Permits	129	125	479	681	495	581	534	385	506	514
City wide Community Events	9	10	9	11	11	11	11	11	11	11
Classes, Leagues, & Programs	16	23	25	25	32	34	34	37	35	37
Number of Transactions	1,013	1,631	2,543	4,408	4,983	6,552	6955	7285	15330	20,198
Public Safety										
Dispatched Calls for Service	3,321	3,162	2,811	3,170	2,862	2,787	3,393	3,479	3,536	4,094
Crimes (Part 1 & 2)	918	943	914	1,175	912	959	960	910	963	1,168
Cases Closed	76	78	94	166	70	89	114	93	84	115

Source:
Various City departments.

**City of Maple Valley
Capital Asset Statistics by Function
Last Ten Years**

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Parks & Recreation										
Acres of Parks	288	288	288	288	288	288	288	288	288	288
Public Works										
Lane Miles of Streets	112	115	118	130	130	130	130	146	153	153
Surface Water Facilities	135	141	144	147	147	147	147	150	162	164

Source:
Various City departments.